

APRIL 30, 2009

GLOBAL
STOCK
FUND

Semiannual Report



T. ROWE PRICE[®]

HIGHLIGHTS

- A sharp rally in global equities late in the period helped mitigate the devastating losses shareholders have endured during the past year.
- Your fund suffered a moderate loss during the six months ended April 30, 2009, against the backdrop of one of the most tumultuous periods for equity investors in history. It is still too early to know whether the past couple of months marked an end to the relentless selling that commenced early in 2008.
- We believe a broad-based approach to global stock investing makes sense—choosing less volatile, less economically sensitive stocks as an anchor as well as depressed stocks that we expect to outperform over the longer term.
- Although we think the global economy will get worse before it gets better, there should be some signs of economic stability in the latter half of this year or early 2010, with global equity markets reacting positively over a two- to three-year time frame.

The views and opinions in this report were current as of April 30, 2009. 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

A sharp rally in global equities late in the period helped mitigate the devastating losses shareholders have endured during the past year. Economic indicators—from the International Monetary Fund’s (IMF) forecast that Europe’s economy would contract 4% in 2009 to the all-time low hit by Japan’s business confidence survey—were more downbeat than those of previous months, but investors focused on signs that the worst of

the world’s economic and financial crisis may be over. Many markets registered their largest gains since early last summer.

Your fund suffered a moderate loss during the six months ended April 30, 2009, against the backdrop of one of the most tumultuous periods for

PERFORMANCE COMPARISON	
Six-Month Period Ended 4/30/09	
Global Stock Fund	-1.26%
Global Stock Fund—Advisor Class	-1.29
MSCI All Country World Index	-3.00
Lipper Global Large-Cap Growth Funds Average	-3.88

equity investors in history. It is scant consolation that our performance was slightly better than the returns for the MSCI All Country World Index and the Lipper Global Large-Cap Growth Funds Average. It is still too early to know whether the results of the past couple of months marked an end to the relentless selling that commenced early in 2008, but investors found some signs of hope that the worst may be over. (Results for the Advisor Class shares were slightly lower, reflecting their higher expense ratio.)

MARKET REVIEW

Global equities fluctuated over a wide range during the period, falling to multiyear lows around the end of February before embarking on a sharp rally that erased most of the losses of the past six months. With nearly all of the world’s largest economies in recession, much of the economic data was bleak. The U.S. economy contracted sharply in the first quarter, and the data were similarly grim in the euro zone and Japan. Emerging market economies were not as weak but still experienced a sharp deceleration in growth. China’s economy expanded 6.1% in the first quarter, the slowest pace in almost a decade as poor demand from consumers

A WORD ABOUT YOUR SHAREHOLDER REPORT

At T. Rowe Price, we believe that information is essential to understanding your investments in this fast-moving and volatile market environment. In this shareholder report's "Manager's Letter," your fund's portfolio manager writes a candid assessment of recent market events and fund performance, offers important insights into how the fund is managed, and provides a perspective for the next few months. We encourage you to read this report carefully.

Did you know you could receive your shareholder report sooner? The online version is usually available at least two weeks before you receive it by mail. If you're looking for easy access to the latest shareholder reports, account statements, transaction confirmations, tax forms, mutual fund prospectuses, and more, consider paperless e-delivery options from T. Rowe Price.

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outside of China reduced exports. The IMF forecast in April that the world economy overall would shrink by 1.3% in 2009, and the World Bank and the Organization for Economic Cooperation and Development

projected that global output could fall this year for the first time since World War II.

Concerns about the solvency of financial institutions—most prominently Citigroup, Bank of America, and AIG, all of which required further government funding—overshadowed the markets throughout late 2008 and early 2009. Funds were also made available to U.S. carmakers General Motors and

Chrysler (Ford was notable for its statement that the company could survive without government help) as they tottered on the brink of

MARKET PERFORMANCE

Six Months Ended 4/30/09	Local Currency	Local Currency vs. U.S. Dollars	U.S. Dollars
Brazil	27.60%	-1.94%	25.12%
France	-6.47	4.50	-2.26
India	16.76	-1.17	15.40
Japan	-2.29	-0.04	-2.33
Mexico	8.90	-8.63	-0.50
Switzerland	-11.72	2.55	-9.46
United Kingdom	-0.33	-8.29	-8.59
United States	-7.96	-	-7.96

Source: RIMES Online, using MSCI indices.

bankruptcy because of a steep decline in sales. Fears surfaced that the global downturn would create instability among emerging countries, perhaps causing some to default on their loans, although the rapid provision of credit lines to several of them by the IMF helped alleviate the situation.

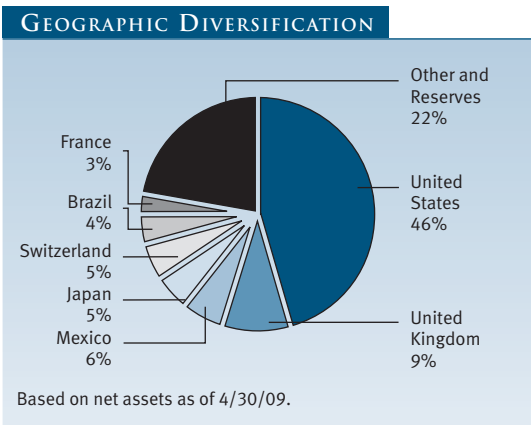
Authorities around the world continued to ease monetary policy aggressively and expand public spending in an attempt to stabilize global economies and financial markets. Toward the end of the period, these policy responses led to a rebound in investor confidence, particularly regarding financials amid signs that liquidity and solvency in the banking system might be improving. In addition, first-quarter earnings were generally less affected by the downturn than many had predicted. Stocks moved higher throughout March and April as fears of a full-blown depression diminished and markets began to sense a return to growth later this year or early in 2010.

PORTFOLIO PERFORMANCE AND STRATEGY

Our investments in financials helped fund performance during the past six months, notably our holdings in two of the largest U.S. banks, **JPMorgan Chase** and **Wells Fargo**. We judged these firms to be relatively strong compared with their peers and initiated positions as the

negative sentiment surrounding the banking system peaked, resulting in attractive valuations. Both companies subsequently posted strong first-quarter earnings, and we took profits in Wells Fargo after its stock rose sharply. Despite a significant rally toward the end of the period, the financials sector still delivered the worst performance of any area, so our underweight allocation was somewhat

beneficial. (Please refer to the portfolio of investments for a detailed list of holdings and the amount each represents in the portfolio.)



Our stock selection in the industrials and business services sector was also helpful, particularly investments in infrastructure companies located in emerging markets, which rebounded sharply. **GMR Infrastructure**, which owns a number of infrastructure assets in India including a part of Delhi International Airport, rose after the Indian government approved an airport tax on passengers, easing funding concerns. **Zhejiang Expressway**, a Chinese toll-road operator, aided results as investors were attracted to the company's strong cash flows and dividend yield against the backdrop of various stimulus measures from the Chinese government.

Other significant contributors included the online retailer **Amazon.com**, which continued to gain market share after the failure of several

competitors, and health insurer **WellPoint**, which advanced on news of the disposal of its pharmacy-benefits unit. Although we have booked some profits by trimming positions in these companies, we have retained core holdings due to our positive view of the prospects for both.

Our stock selection in other sectors such as energy, however, was less successful. Our holding in the world's biggest natural gas producer, Russian energy company **Gazprom**, weighed on performance due to currency weakness combined with concerns about political risk. Our underweight

exposure to the materials sector also detracted since this area delivered the strongest returns of any sector during the period as commodity prices rebounded.

SECTOR DIVERSIFICATION

	Percent of Net Assets	
	10/31/08	4/30/09
Information Technology	15.6%	16.0%
Health Care	9.0	13.6
Telecommunication Services	15.3	10.5
Financials	10.5	10.4
Consumer Staples	1.2	9.8
Consumer Discretionary	11.6	9.5
Industrials and Business Services	12.3	8.5
Energy	16.2	8.4
Utilities	4.5	6.7
Materials	0.8	2.0
Other and Reserves	3.0	4.6
Total	100.0%	100.0%

Historical weightings reflect current industry/sector classifications.

In terms of strategy, we have positioned one portion of the portfolio more defensively, focusing on high-quality growth stocks that offer greater earnings stability and durability. With any future global recovery likely to be characterized by slower economic growth than in previous upturns, companies in this category should not only survive the downturn but also enter the next economic cycle in a stronger position. Their healthy balance sheets and access to capital should enable them to take market share from marginal players that may not survive. Examples of such stocks include **Coca-Cola**, **Nike**, and U.K. food retailer **Tesco**.

That said, given the current economic uncertainty and market volatility, we believe a broad-based approach to global stock investing makes sense—not only choosing less volatile, less economically sensitive stocks as an anchor but also selecting depressed stocks that we expect to outperform over the longer term. The other portion of the portfolio reflects this more opportunistic approach, including stocks that have strong growth prospects and may benefit from expanded price/earnings ratios when markets recover. These stocks are considered more market sensitive and offer compelling valuations. **Apple**, the advertising conglomerate **WPP**, and the Brazilian stock and derivatives exchange **BM&F Bovespa** all fall into this category.

At the sector level, we have maintained a significant weighting in information technology. Apple, one of our largest holdings, has seen its market share expand through strong sales of Macs, iPods, and iPhones. The company should continue to exceed expectations, in our view, being well positioned to benefit from the growth of smart phones and digital entertainment. Health care stocks are another focus, particularly companies with more stable earnings prospects, leading therapeutics, and limited regulatory risk. Our investments include **Roche Holding**, a Swiss pharmaceutical group, which is particularly strong in the oncology market, and **Teva Pharmaceutical**, the Israel-based global leader in generic drug production.

Our weighting in financials remains relatively low, particularly among commercial banks and insurance companies across the U.S., Europe, and Japan. While there was a dramatic rebound in the stock prices of most of these institutions in March and April, we believe there are residual credit quality and balance sheet issues, which could cause instability to return. Consequently, we prefer to emphasize other sectors.

INVESTMENT OUTLOOK

When examining the prospects for global stock markets, we believe it is important to consider the following factors. First, economic conditions around the world are likely to deteriorate as the year progresses. The global economic recession has some way to run, with unemployment continuing to rise. Second, the financial system has yet to overcome many serious problems. While issues of creditworthiness at corporate and government levels remain, notably in Eastern Europe, we believe that the midpoint of the financial crisis has passed and that, by the end of the year, the system will be in moderately better shape. Third, by any historic measure, equities as an asset class are attractive. Following the significant sell-off and subsequent partial recovery, markets should continue to stabilize if there is more clarity on the size and duration of the decline in economic activity.

We believe that for a sustained recovery to occur, the following pre-conditions are necessary: Credit markets must continue to improve so that companies can finance their daily activities; the pace of deleveraging must slow, both on corporate balance sheets and in terms of the amount of money circulating in the financial system; government fiscal and monetary stimulus packages must gain further traction on liquidity and aggregate demand; and deflationary pressures must not become ingrained. With the exception of deflation, where a longer time horizon is required, there are some initial signs of improvement, and additional progress appears likely in the next 12 to 18 months.

EVENTUALLY, WE
FORESEE A
NEW BACKDROP
FOR GLOBAL
INVESTING
EMERGING FROM
THIS SLOW
TRANSITION...

Eventually, we foresee a new backdrop for global investing emerging from this slow transition, characterized by lower real global economic growth in the 1% to 3% range, with emerging markets the key drivers. Interest rates will likely rise, but only slowly, while there will be moderate recoveries in consumer spending and fixed-asset investments such as property, plants, and equipment, along with gradual improvements in corporate pricing power and profit margins. After hitting rock bottom in the sell-off, equity valuations should continue to normalize. Although we expect the global economy to get worse before it gets

better, there should be some signs of economic stability forming in the latter half of this year or early 2010, with global equity markets reacting positively over a two- to three-year time frame.

Respectfully submitted,

A handwritten signature in black ink that reads "Robert N. Gensler". The signature is written in a cursive, flowing style.

Robert N. Gensler
Chairman of the fund's Investment Advisory Committee

May 15, 2009

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.

RISKS OF INTERNATIONAL INVESTING

Funds that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. Funds investing in a single country or in a limited geographic region tend to be riskier than more diversified funds. Risks can result from varying stages of economic and political development; differing regulatory environments, trading days, and accounting standards; and higher transaction costs of non-U.S. markets. Non-U.S. investments are also subject to currency risk, or 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.

GLOSSARY

Lipper averages: The averages of available mutual fund performance returns for specified periods in defined categories as tracked by Lipper Inc.

MSCI All Country World Index: A capitalization-weighted index of stocks from developed and emerging markets worldwide.

Price/earnings (P/E) ratio: Calculated by dividing a stock's market value per share by the company's earnings per share for the past 12 months or by expected earnings for the coming year.

PORTFOLIO HIGHLIGHTS

TWENTY-FIVE LARGEST HOLDINGS

	Percent of Net Assets 4/30/09
America Movil, Mexico	4.8%
Apple, United States	3.6
WellPoint, United States	3.6
Juniper Networks, United States	3.5
Rolls-Royce, United Kingdom	3.4
JPMorgan Chase, United States	2.9
E.ON, Germany	2.6
GMR Infrastructure, India	2.4
Roche Holding, Switzerland	2.4
WPP, United Kingdom	2.3
Amazon.com, United States	2.1
Petroleo Brasileiro, Brazil	2.1
Fortum, Finland	2.1
Iberdrola Renovables, Spain	2.1
Gilead Sciences, United States	2.0
Nike, United States	2.0
Microsoft, United States	1.9
Nintendo, Japan	1.8
Google, United States	1.8
Intesa Sanpaolo, Italy	1.7
Coca-Cola, United States	1.6
Vodafone, United Kingdom	1.6
Schlumberger, United States	1.6
Pernod-Ricard, France	1.6
East Japan Railway, Japan	1.5
Total	59.0%

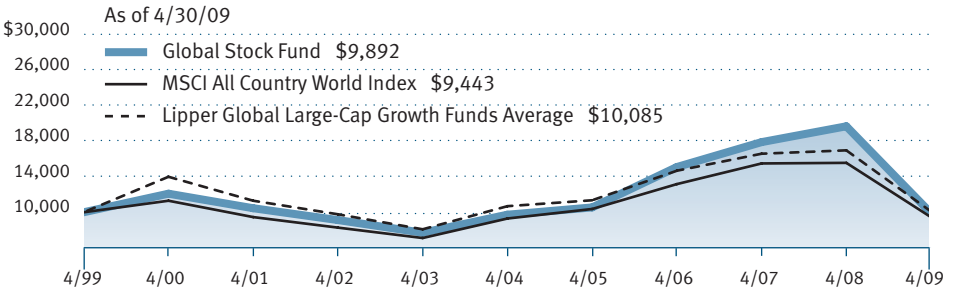
Note: Table excludes investments in the T. Rowe Price Reserve Investment Fund and collateral for securities lending.

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.

GLOBAL STOCK FUND



Note: Performance for the Advisor Class will vary due to its differing fee structure. See returns table below.

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 4/30/09	1 Year	5 Years	10 Years	Since Inception	Inception Date
Global Stock Fund	-49.77%	0.34%	-0.11%	-	-
Global Stock Fund—Advisor Class	-49.84	-	-	-13.33%	4/28/06

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.

Please note that the fund has two share classes: The original share class (“investor class”) charges no distribution and service (12b-1) fee, and the Advisor Class shares are offered only through unaffiliated brokers and other financial intermediaries and charge a 0.25% 12b-1 fee. Each share class is presented separately in the table.

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)

T. ROWE PRICE GLOBAL STOCK FUND			
	Beginning Account Value 11/1/08	Ending Account Value 4/30/09	Expenses Paid During Period* 11/1/08 to 4/30/09
Investor Class			
Actual	\$1,000.00	\$987.40	\$5.03
Hypothetical (assumes 5% return before expenses)	1,000.00	1,019.74	5.11
Advisor Class			
Actual	1,000.00	987.10	5.67
Hypothetical (assumes 5% return before expenses)	1,000.00	1,019.09	5.76
*Expenses are equal to the fund's annualized expense ratio for the six-month period, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (181) divided by the days in the year (365) to reflect the half-year period. The annualized expense ratio of the Investor Class was 1.02%, and the Advisor Class was 1.15%.			

QUARTER-END RETURNS

Periods Ended 3/31/09	1 Year	5 Years	10 Years	Since Inception	Inception Date
Global Stock Fund	-50.68%	-2.20%	-0.81%	–	–
Global Stock Fund–Advisor Class	-50.74	–	–	-16.63%	4/28/06

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 contact a T. Rowe Price representative at 1-800-225-5132 (Fund) or 1-800-638-8790 (Advisor Class). The performance information shown does not reflect the deduction of a 2% redemption fee on shares held for 90 days or less. If it did, the performance would be lower. For more information about the fund, please visit troweprice.com.

This table provides returns 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

Global Stock Fund	0.87%
Global Stock Fund–Advisor Class	1.25

The expense ratio shown is as of the fund's fiscal year ended 10/31/08. 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.

T. ROWE PRICE GLOBAL STOCK FUND

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Investor Class

	6 Months Ended 4/30/09 [†]	Year Ended 10/31/08 [†]	10/31/07 [†]	10/31/06 [†]	10/31/05 [†]	10/31/04
NET ASSET VALUE						
Beginning of period	\$ 12.50	\$ 28.20	\$ 21.99	\$ 18.01	\$ 14.57	\$ 13.07
Investment activities						
Net investment income	0.30	0.26	0.12	0.11 ⁽¹⁾	0.06 ⁽¹⁾	0.03 ⁽¹⁾
Net realized and unrealized gain (loss)	(0.48)	(13.92)	7.17	4.21	3.46	1.52
Total from investment activities	(0.18)	(13.66)	7.29	4.32	3.52	1.55
Distributions						
Net investment income	(0.40)	(0.08)	(0.09)	(0.02)	(0.08)	(0.04)
Net realized gain	–	(1.96)	(0.99)	(0.32)	–	(0.01)
Total distributions	(0.40)	(2.04)	(1.08)	(0.34)	(0.08)	(0.05)

NET ASSET VALUE

End of period	\$ 11.92	\$ 12.50	\$ 28.20	\$ 21.99	\$ 18.01	\$ 14.57
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Ratios/Supplemental Data

Total return⁽²⁾	(1.26)%	(51.99)%	34.41%	24.26%⁽¹⁾	24.24%⁽¹⁾	11.89%⁽¹⁾
Ratio of total expenses to average net assets	1.02% ⁽³⁾	0.86%	0.87%	1.00% ⁽¹⁾	1.18% ⁽¹⁾	1.20% ⁽¹⁾
Ratio of net investment income to average net assets	5.56% ⁽³⁾	1.18%	0.48%	0.52% ⁽¹⁾	0.39% ⁽¹⁾⁽⁴⁾	0.22% ⁽¹⁾
Portfolio turnover rate	62.6%	145.6%	109.8%	140.6%	154.8%	72.3%
Net assets, end of period (in thousands)	\$ 577,254	\$ 648,130	\$ 854,471	\$ 359,131	\$ 123,456	\$ 77,258

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

(1) Excludes expenses in excess of a 1.00% contractual expense limitation in effect through 2/29/08 and expense in excess of a 1.20% contractual expense limitation in effect through 10/1/05.

(2) 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 and payment of no redemption or account fees.

(3) Annualized

(4) Includes the effect of a one-time special dividend (0.22% of average net assets) that is not expected to recur.

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

T. ROWE PRICE GLOBAL STOCK FUND

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Advisor Class

	6 Months Ended 4/30/09 [†]	Year Ended 10/31/08 [†]	10/31/07 [†]	4/28/06 Through 10/31/06 [†]
NET ASSET VALUE				
Beginning of period	\$ 12.42	\$ 28.10	\$ 21.97	\$ 21.39
Investment activities				
Net investment income (loss)	0.30 ⁽¹⁾	0.16 ⁽¹⁾	(0.05) ⁽¹⁾	0.01
Net realized and unrealized gain (loss)	(0.48)	(13.81)	7.25	0.57
Total from investment activities	(0.18)	(13.65)	7.20	0.58
Distributions				
Net investment income	(0.36)	(0.07)	(0.09)	—
Net realized gain	—	(1.96)	(0.99)	—
Total distributions	(0.36)	(2.03)	(1.08)	—
Redemption fees added to paid-in capital	—	—	0.01	—

NET ASSET VALUE

End of period **\$ 11.88** **\$ 12.42** **\$ 28.10** **\$ 21.97**

Ratios/Supplemental Data

Total return⁽²⁾	(1.29)%⁽¹⁾⁽³⁾	(52.13)%⁽¹⁾	34.06%⁽¹⁾	2.71%
Ratio of total expenses to average net assets	1.15% ⁽¹⁾⁽³⁾	1.15% ⁽¹⁾	1.15% ⁽¹⁾	1.12% ⁽³⁾
Ratio of net investment income (loss) to average net assets	5.53% ⁽¹⁾⁽³⁾	0.75% ⁽¹⁾	(0.21)% ⁽¹⁾	0.05% ⁽³⁾
Portfolio turnover rate	62.6%	145.6%	109.8%	140.6%
Net assets, end of period (in thousands)	\$ 10,143	\$ 10,963	\$ 7,294	\$ 368

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

⁽¹⁾ Excludes expenses in excess of a 1.15% contractual expense limitation in effect through 2/28/10.

⁽²⁾ 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 and payment of no redemption or account fees.

⁽³⁾ Annualized

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

T. ROWE PRICE GLOBAL STOCK FUND

Unaudited

April 30, 2009

PORTFOLIO OF INVESTMENTS ‡	Shares/\$ Par	Value
(Cost and value in \$000s)		
BELGIUM 0.8%		
Common Stocks 0.8%		
Anheuser-Busch InBev	165,000	5,036
Total Belgium (Cost \$2,478)		5,036
BRAZIL 3.5%		
Common Stocks 3.5%		
BM&F Bovespa	1,100,000	4,457
Petroleo Brasileiro, ADR (USD)	460,000	12,411
Tam, ADR (USD)(1)	550,000	3,669
Total Brazil (Cost \$27,984)		20,537
CHINA 2.1%		
Common Stocks 2.1%		
Beijing Capital International Airport (HKD)(2)	4,350,000	2,749
China Construction Bank, H Shares (HKD)(2)	11,000,000	6,376
Gome Electrical Appliances (HKD)(2)	44,350,000	3,205
Total China (Cost \$26,683)		12,330
EGYPT 1.4%		
Common Stocks 1.4%		
Orascom Telecom	1,500,000	8,451
Total Egypt (Cost \$14,677)		8,451
FINLAND 2.1%		
Common Stocks 2.1%		
Fortum	600,000	12,105
Total Finland (Cost \$11,497)		12,105

T. ROWE PRICE GLOBAL STOCK FUND

	Shares/\$ Par	Value
(Cost and value in \$000s)		
FRANCE 3.1%		
Common Stocks 3.1%		
Danone (2)	185,000	8,818
Groupe Danone, Rights, 5/18/09 (1)	180,000	—
Pernod-Ricard (2)	155,000	9,141
Total France (Cost \$18,844)		17,959
GERMANY 2.6%		
Common Stocks 2.6%		
E.ON AG (2)	450,000	15,199
Total Germany (Cost \$18,281)		15,199
HONG KONG 0.8%		
Common Stocks 0.8%		
Hutchison Telecommunications	14,000,000	2,605
Hutchison Telecommunications, Hong Kong Shares (1)	14,301,000	2,030
Total Hong Kong (Cost \$16,049)		4,635
INDIA 3.0%		
Common Stocks 3.0%		
Bajaj Finserv	700,000	3,049
Container Corporation of India	55,841	850
GMR Infrastructure (1)	6,156,836	13,973
Total India (Cost \$21,580)		17,872
IRELAND 0.5%		
Common Stocks 0.5%		
Elan, ADR (USD)(1)	525,000	3,103
Total Ireland (Cost \$5,344)		3,103

T. ROWE PRICE GLOBAL STOCK FUND

	Shares/\$ Par	Value
(Cost and value in \$000s)		
ISRAEL 1.5%		
Common Stocks 1.5%		
Teva Pharmaceutical, ADR (USD)	200,000	8,778
Total Israel (Cost \$9,023)		8,778
ITALY 1.7%		
Common Stocks 1.7%		
Intesa Sanpaolo	3,150,000	9,978
Total Italy (Cost \$9,995)		9,978
JAPAN 4.7%		
Common Stocks 4.7%		
Aeon Mall	365,000	4,783
East Japan Railway	160,000	9,013
Nintendo	40,000	10,702
Nippon Telegraph & Telephone	80,000	2,998
Total Japan (Cost \$34,349)		27,496
MEXICO 5.5%		
Common Stocks 5.5%		
America Movil, ADR (USD)	865,000	28,415
Grupo Financiero Banorte S.A.B de C.V. (2)	2,700,000	4,166
Total Mexico (Cost \$37,283)		32,581
OMAN 0.1%		
Common Stocks 0.1%		
Bank Muscat (SAOG), GDR (USD)	63,100	426
Total Oman (Cost \$634)		426

T. ROWE PRICE GLOBAL STOCK FUND

	Shares/\$ Par	Value
(Cost and value in \$000s)		
RUSSIA 0.4%		
Common Stocks 0.4%		
Novatek, GDR (USD)	14,200	500
OAO Gazprom, ADR (USD)	100,000	1,757
Total Russia (Cost \$2,291)		2,257
SPAIN 2.8%		
Common Stocks 2.8%		
Iberdrola Renovables (1)(2)	2,960,000	12,063
Telefonica SA	230,000	4,367
Total Spain (Cost \$22,845)		16,430
SWITZERLAND 4.7%		
Common Stocks 4.7%		
Nestle	270,000	8,781
Novartis	125,000	4,721
Roche Holding - Genusscheine	110,000	13,900
Total Switzerland (Cost \$29,743)		27,402
UNITED KINGDOM 8.6%		
Common Stocks 8.6%		
Rolls-Royce (1)	3,900,000	19,423
Rolls-Royce, C Shares (1)	334,620,000	495
Tesco	1,475,000	7,323
Vodafone	5,250,000	9,643
WPP	1,985,000	13,576
Total United Kingdom (Cost \$54,992)		50,460

T. ROWE PRICE GLOBAL STOCK FUND

	Shares/\$ Par	Value
(Cost and value in \$000s)		
UNITED STATES 45.5%		
Common Stocks 45.5%		
Amazon.com (1)	155,000	12,481
Apple (1)	170,000	21,391
AT&T	130,000	3,331
Autodesk (1)	140,000	2,792
Baker Hughes	170,000	6,049
Baxter International	90,000	4,365
Bed Bath & Beyond (1)	210,000	6,388
Celgene (1)	105,000	4,486
Cephalon (1)	110,000	7,217
Cisco Systems (1)	335,000	6,472
Coca-Cola	225,000	9,686
EOG Resources	47,000	2,984
Gilead Sciences (1)	255,000	11,679
Goldman Sachs	25,000	3,212
Google, Class A (1)	26,000	10,295
JPMorgan Chase	520,000	17,160
Juniper Networks (1)	945,000	20,459
Mastercard, Class A	37,000	6,788
Microsoft	540,000	10,940
Monsanto	60,000	5,093
Murphy Oil	185,000	8,826
Nike, Class B	220,000	11,543
Northern Trust	135,000	7,339
NVR (1)	11,000	5,559
Praxair	90,000	6,715
Red Hat (1)	225,000	3,886
Schlumberger	190,000	9,308
Smith International	225,000	5,816
Wal-Mart	175,000	8,820
WellPoint (1)	500,000	21,380
XTO Energy	48,000	1,664

T. ROWE PRICE GLOBAL STOCK FUND

	Shares/\$ Par	Value
(Cost and value in \$000s)		
Yum! Brands	100,000	3,335
Total United States (Cost \$247,323)		267,459
SHORT-TERM INVESTMENTS 6.7%		
Money Market Funds 6.7%		
T. Rowe Price Reserve Investment Fund, 0.34% (3)(4)	39,194,903	39,195
Total Short-Term Investments (Cost \$39,195)		39,195
SECURITIES LENDING COLLATERAL 3.1%		
Investments in Pooled Account Managed by JPMorgan Chase Bank, London 3.1%		
Medium-Term Notes 0.3%		
Commonwealth Bank Australia, VR, 0.516%, 6/8/09	668,173	667
JPMorgan Chase, VR, 1.381%, 6/2/09	414,267	414
K2 (USA), VR, 0.34%, 6/19/09	494,745	492
Merrill Lynch, VR, 1.291%, 5/8/09	133,635	134
Wells Fargo, VR, 0.443%, 5/1/09	200,452	200
		1,907
Money Market Funds 2.5%		
T. Rowe Price Reserve Investment Fund, 0.34% (3)(4)	14,766,627	14,767
		14,767

	Shares/\$ Par	Value
(Cost and value in \$000s)		
Repurchase Agreements 0.3%		
Merrill Lynch, Tri-Party, Dated 4/30/09, 0.17%, Delivery Value of \$1,362,319 on 5/1/09, Collateralized by U.S. Government securities, 0.00% – 6.00%, 2/25/10 – 6/20/36, valued at \$1,389,561	1,362,313	1,362
		1,362
Total Investments in Pooled Account Managed by JPMorgan Chase Bank, London		18,036
Total Securities Lending Collateral (Cost \$17,939)		18,036
Total Investments in Securities		
105.2% of Net Assets (Cost \$669,029)		\$ 617,725

‡ Denominated in the currency of the country of incorporation unless otherwise noted.

(1) Non-income producing

(2) All or a portion of this security is on loan at April 30, 2009 -- total value of such securities at period-end amounts to \$16,632. See Note 3.

(3) Seven-day yield

(4) Affiliated Companies

ADR American Depository Receipts

GDR Global Depository Receipts

HKD Hong Kong Dollar

USD U.S. Dollar

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

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.

Affiliate	Purchase Cost	Sales Cost	Investment Income	Value	
				4/30/09	10/31/08
T. Rowe Price Reserve Investment Fund, 0.34%	¤	¤	\$ 103 ^	\$ 53,961	\$ 33,286
Totals			\$ 103	\$ 53,961	\$ 33,286

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

^ Excludes earnings on securities lending collateral investments, which are subject to rebates and fees as described in Note 3.

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

Investment in securities, at cost	\$ 53,961
Dividend income	103
Interest income	-
Investment income	\$ 103
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 \$669,029)	\$ 617,725
Dividends and interest receivable	1,342
Receivable for investment securities sold	944
Receivable for shares sold	529
Foreign currency (cost \$429)	429
Cash	50
Due from affiliates	1
Other assets	1,342
Total assets	<u>622,362</u>

Liabilities

Obligation to return securities lending collateral	17,939
Payable for investment securities purchased	15,003
Payable for shares redeemed	377
Investment management fees payable	308
Due to affiliates	117
Other liabilities	1,221
Total liabilities	<u>34,965</u>

NET ASSETS**\$ 587,397****Net Assets Consist of:**

Undistributed net investment income	\$ 3,389
Accumulated undistributed net realized loss	(527,518)
Net unrealized loss	(51,302)
Paid-in capital applicable to 49,297,092 shares of \$0.01 par value capital stock outstanding; 4,500,000,000 shares of the Corporation authorized	<u>1,162,828</u>

NET ASSETS**\$ 587,397**

STATEMENT OF ASSETS AND LIABILITIES

NET ASSET VALUE PER SHARE

Investor Class

(\$577,253,552 / 48,442,933 shares outstanding)

\$ 11.92

Advisor Class

(\$10,143,385 / 854,159 shares outstanding)

\$ 11.88

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

T. ROWE PRICE GLOBAL STOCK FUND

Unaudited

STATEMENT OF OPERATIONS

(\$000s)

	6 Months Ended 4/30/09
Investment Income (Loss)	
Income	
Dividend	\$ 17,861
Securities lending	116
Total income	<u>17,977</u>
Expenses	
Investment management	1,807
Shareholder servicing	
Investor Class	\$ 612
Advisor Class	<u>7</u> 619
Rule 12b-1 fees	
Advisor Class	11
Prospectus and shareholder reports	
Investor Class	59
Advisor Class	<u>5</u> 64
Custody and accounting	203
Registration	39
Legal and audit	32
Directors	4
Miscellaneous	24
Reductions of fees and expenses	
Expenses reimbursed by manager	<u>(6)</u>
Total expenses	<u>2,797</u>
Net investment income	<u>15,180</u>

T. ROWE PRICE GLOBAL STOCK FUND

Unaudited

STATEMENT OF OPERATIONS

(\$000s)

	6 Months Ended 4/30/09
Realized and Unrealized Gain (Loss)	
Net realized gain (loss)	
Securities	(346,786)
Foreign currency transactions	16
Net realized loss	<u>(346,770)</u>
Change in net unrealized gain (loss)	
Securities	315,842
Other assets and liabilities denominated in foreign currencies	24
Change in net unrealized gain	<u>315,866</u>
Net realized and unrealized loss	<u>(30,904)</u>
DECREASE IN NET ASSETS FROM OPERATIONS	<u>\$ (15,724)</u>

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

T. ROWE PRICE GLOBAL STOCK FUND

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 4/30/09	Year Ended 10/31/08
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 15,180	\$ 11,790
Net realized loss	(346,770)	(182,512)
Change in net unrealized gain (loss)	315,866	(512,915)
Decrease in net assets from operations	(15,724)	(683,637)
Distributions to shareholders		
Net investment income		
Investor Class	(19,851)	(2,556)
Advisor Class	(300)	(19)
Net realized gain		
Investor Class	-	(62,228)
Advisor Class	-	(549)
Decrease in net assets from distributions	(20,151)	(65,352)
Capital share transactions*		
Shares sold		
Investor Class	60,281	717,710
Advisor Class	2,405	17,457
Distributions reinvested		
Investor Class	18,082	61,745
Advisor Class	292	569
Shares redeemed		
Investor Class	(113,992)	(247,850)
Advisor Class	(2,973)	(3,765)
Redemption fees received	84	451
Increase (decrease) in net assets from capital share transactions	(35,821)	546,317
Net Assets		
Decrease during period	(71,696)	(202,672)
Beginning of period	659,093	861,765
End of period	\$ 587,397	\$ 659,093
Undistributed net investment income	3,389	8,360

T. ROWE PRICE GLOBAL STOCK FUND

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

(000s)

	6 Months Ended 4/30/09	Year Ended 10/31/08
*Share information		
Shares sold		
Investor Class	5,630	31,661
Advisor Class	224	818
Distributions reinvested		
Investor Class	1,602	2,514
Advisor Class	26	23
Shares redeemed		
Investor Class	(10,631)	(12,628)
Advisor Class	(278)	(219)
Increase (decrease) in shares outstanding	(3,427)	22,169

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

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price International Funds, Inc. (the corporation), is registered under the Investment Company Act of 1940 (the 1940 Act). The Global Stock Fund (the fund), a diversified, open-end management investment company, is one portfolio established by the corporation. The fund seeks long-term growth of capital through investments primarily in the common stocks of established companies throughout the world, including the U.S. The fund has two classes of shares: the Global Stock Fund original share class, referred to in this report as the Investor Class, offered since December 29, 1995, and the Global Stock Fund—Advisor Class (Advisor Class), offered since April 28, 2006. Advisor Class shares are sold only through unaffiliated brokers and other unaffiliated financial intermediaries that are compensated by the class for distribution, shareholder servicing, and/or certain administrative services under a Board-approved Rule 12b-1 plan. Each class has exclusive voting rights on matters related solely to that class, separate voting rights on matters that relate to both classes, and, in all other respects, the same rights and obligations as the other class.

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, which require the use of estimates made by fund management. Fund management believes that estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the financial statements may differ from the value the fund ultimately realizes upon sale of the 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. Dividends received from mutual fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. 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 and paid by each class on an annual basis. Capital gain distributions, if any, are declared and paid by the fund, typically on an annual basis.

Currency Translation Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as quoted by a major bank. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the date of the transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is reflected as a component of security gains and losses.

Class Accounting The Advisor Class pays distribution, shareholder servicing, and/or certain administrative expenses in the form of Rule 12b-1 fees, in an amount not exceeding 0.25% of the class's average daily net assets. Shareholder servicing, prospectus, and shareholder report expenses incurred by each class are charged directly to the class to which they relate. Expenses common to both classes, investment income, and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class.

Redemption Fees A 2% fee is assessed on redemptions of fund shares held for 90 days or less to deter short-term trading and to protect the interests of long-term shareholders. Redemption fees are withheld from proceeds that shareholders receive from the sale or exchange of fund shares. The fees are paid to the fund, and are recorded as an increase to paid-in capital. The fees may cause the redemption price per share to differ from the net asset value per share.

New Accounting Pronouncements On November 1, 2008, the fund adopted Statement of Financial Accounting Standards No. 157 (FAS 157), *Fair Value Measurements*. FAS 157 defines fair value, establishes the framework for measuring fair value, and expands the disclosures of fair value measurements in the financial statements. Adoption of FAS 157 did not have a material impact on the fund's net assets or results of operations.

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161 (FAS 161), *Disclosures about Derivative Instruments and Hedging Activities*, which is effective for fiscal years and interim periods beginning after November 15, 2008. FAS 161 requires enhanced disclosures about derivative and hedging activities, including how such activities are accounted for and their effect on financial position, performance and cash flows. Management is currently evaluating the impact the adoption of FAS 161 will have on the fund's financial statements and related disclosures; however, it is expected to have no material 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 under FAS 157. The fund values its investments 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.

Valuation Methods Equity securities listed or regularly traded on a securities exchange or in the over-the-counter (OTC) market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made, except for OTC Bulletin Board securities, which are valued at the mean of the latest bid and asked prices. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. Listed securities not traded on a particular day are valued at the mean of the latest bid and asked prices for domestic securities and the last quoted sale price for international securities. Debt 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.

Other investments, including restricted securities, and those 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 Directors.

For valuation purposes, the last quoted prices of non-U.S. equity securities may be adjusted under the circumstances described below. If the fund determines that developments between the close of a foreign market and the close of the NYSE will, in its judgment, materially affect the value of some or all of its portfolio securities, the fund will adjust the previous closing prices to reflect what it believes to be the fair value of the securities as of the close of the NYSE. In deciding whether it is necessary to adjust closing prices to reflect fair value, the fund 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. A fund may also fair value securities in other situations, such as when

a particular foreign market is closed but the fund is open. The fund uses outside pricing services to provide it with closing prices and information to evaluate and/or adjust those prices. The fund cannot predict how often it will use closing prices and how often it will determine it necessary to adjust those prices to reflect fair value. As a means of evaluating its security valuation process, the fund routinely compares closing prices, the next day's opening prices in the same markets, and adjusted prices.

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

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – observable inputs other than Level 1 quoted prices (including, but not limited to, quoted prices for similar securities, interest rates, prepayment speeds, 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 investments at that level. For example, non-U.S. equity securities actively traded in foreign markets generally are reflected in Level 2 despite the availability of closing prices, because the fund evaluates and determines whether those closing prices reflect fair value at the close of the NYSE or require adjustment, as described above. The following table summarizes the fund's investments, based on the inputs used to determine their values on April 30, 2009:

Valuation Inputs	Investments in Securities	Foreign Currencies
Level 1 – quoted prices	\$ 363,029,000	\$ 0
Level 2 – significant other observable inputs	249,462,000	(1,000)
Level 3 – significant unobservable inputs	5,234,000	0
Total	\$ 617,725,000	\$ (1,000)

Following is a reconciliation of the fund's Level 3 investments for the six months ended April 30, 2009:

	Investments in Securities
Balance, beginning of period	\$ 0
Realized gain (loss)	(3,654,000)
Change in unrealized gain (loss)	(1,539,000)
Net purchases (sales)	73,000
Transfers in to (out of) Level 3	10,354,000
Balance, end of period	\$ 5,234,000

NOTE 3 - INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks 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.

Emerging Markets At April 30, 2009, approximately 18% of the fund's net assets were invested, directly or indirectly, in securities of companies located in emerging markets or denominated in or linked to the currencies of emerging market countries. Future economic or political developments could adversely affect the liquidity or value, or both, of such securities.

Repurchase Agreements All repurchase agreements are fully collateralized by U.S. government securities or AAA-rated asset-backed securities. Collateral is in the possession of the fund's custodian or, for tri-party agreements, the custodian designated by the agreement. Collateral is evaluated daily to ensure that its market value exceeds the delivery value of the repurchase agreements at maturity. Although risk is mitigated by the collateral, the fund could experience a delay in recovering its value and a possible loss of income or value if the counter-party fails to perform in accordance with the terms of the agreement.

Securities Lending The fund lends its securities to approved brokers to earn additional income. It receives as collateral cash and U.S. government securities valued at 102% to 105% of the value of the securities on loan. Cash collateral is invested by the fund's lending agent(s) in accordance with investment guidelines approved by fund management. Although risk is mitigated by the collateral, the fund could experience a delay in recovering its securities and a possible loss of income or value if the borrower fails to return the securities or if collateral investments decline in value. Securities lending revenue recognized

by the fund consists of earnings on invested collateral and borrowing fees, net of any rebates to the borrower and compensation to the lending agent. On April 30, 2009, the value of loaned securities was \$16,632,000.

Other Purchases and sales of portfolio securities, other than short-term securities, aggregated \$336,102,000 and \$385,661,000, respectively, for the six months ended April 30, 2009.

NOTE 4 - 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 are determined in accordance with Federal income tax regulations, which differ from generally accepted accounting principles, and, therefore, 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 amount and character of tax-basis distributions and composition of net assets are finalized at fiscal year-end; accordingly, tax-basis balances have not been determined as of April 30, 2009.

The fund intends to retain realized gains to the extent of available capital loss carryforwards. As of October 31, 2008, the fund had \$158,660,000 of unused capital loss carryforwards, which expire in fiscal 2016.

At April 30, 2009, the cost of investments for federal income tax purposes was \$669,029,000. Net unrealized loss aggregated \$51,302,000 at period-end, of which \$45,411,000 related to appreciated investments and \$96,713,000 related to depreciated investments.

NOTE 5 - FOREIGN TAXES

The fund is subject to foreign income taxes imposed by certain countries in which it invests. Additionally, capital gains realized by the fund upon disposition of securities issued in or by certain foreign countries are subject to capital gains tax imposed by those countries. All taxes are computed in accordance with the applicable foreign tax law, and, to the extent permitted, capital losses are used to offset capital gains. Tax expense attributable to income is accrued by the fund as a reduction of income. Current and deferred tax expense attrib-

utable to net capital gains is reflected as a component of realized and/or change in unrealized gain/loss on securities in the accompanying financial statements. At April 30, 2009, the fund had no deferred tax liability attributable to foreign securities and \$34,237,000 of foreign capital loss carryforwards, including \$197,000 that expire in 2010, \$29,000 that expire in 2011, \$91,000 that expire in 2012, \$33,568,000 that expire in 2017, and \$352,000 that expire in 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 0.35% 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 April 30, 2009, the effective annual group fee rate was 0.31%.

The Advisor Class is also subject to a contractual expense limitation through February 28, 2010. During the limitation period, the manager is required to waive its management fee and/or reimburse expenses, excluding interest, taxes, brokerage commissions, and extraordinary expenses, that would otherwise cause the class's ratio of annualized total expenses to average net assets (expense ratio) to exceed its expense limitation of 1.15%. The class is required to repay the manager for expenses previously reimbursed and management fees waived to the extent the class's net assets have grown or expenses have declined sufficiently to allow repayment without causing the class's expense ratio to exceed its expense limitation. However, no repayment will be made more than three years after the date of any reimbursement or waiver or later than February 28, 2012. Pursuant to this agreement, management fees in the amount of \$6,000 were reimbursed by the manager during the six months ended April 30, 2009. Including these amounts, expenses previously reimbursed by the manager in the amount of \$19,000 remain subject to repayment at April 30, 2009.

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 prices 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 Investor Class. For the six months ended April 30, 2009, expenses incurred pursuant to these service agreements were \$76,000 for Price Associates, \$387,000 for T. Rowe Price Services, Inc., and \$69,000 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 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.

As of April 30, 2009, T. Rowe Price Group, Inc., and/or its wholly owned subsidiaries owned 1,977,321 shares of the Investor Class, representing 4% of the fund's net assets.

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 10, 2009, the fund's Board of Directors (Board) unanimously approved the investment advisory contract (Contract) between the fund and its investment manager, T. Rowe Price International, Inc. (Manager). The Board considered a variety of factors in connection with its review of the Contract, also taking into account information provided by the Manager during the course of the year, as discussed below:

Services Provided by the Manager

The Board considered the nature, quality, and extent of the services provided to the fund by the Manager. 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 Manager'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 Manager.

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 market turmoil in 2008, 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 Manager under the Contract and other benefits that the Manager (and its affiliates) may have realized from its relationship with the fund, including research received under "soft dollar" agreements. The Board noted that soft dollars were not used to pay for third-party, non-broker research during 2008. The Board also received information on the estimated costs incurred and profits realized by the Manager 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 Manager'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 Manager. Under the Contract, the fund pays a fee to the Manager 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 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 for the Investor Class and Advisor Class 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 (after including any applicable fee waivers or expenses paid by the Manager or reimbursements by the fund for a particular class) and expense ratio for both classes were generally at or below the median for comparable funds. The Board also reviewed the fee schedules for comparable privately managed accounts of the Manager and its affiliates. Management informed the Board that the Manager's responsibilities for privately managed accounts are more limited than its responsibilities for the fund and other T. Rowe Price mutual funds that it or its affiliates advise. 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 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.

INVESTMENT SERVICES AND INFORMATION

KNOWLEDGEABLE SERVICE REPRESENTATIVES

By Phone: 1-800-225-5132. Available Monday through Friday from 7 a.m. until midnight ET and weekends 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.

Insights. Educational reports on investment strategies and markets.

Investment Guides. Investors Portfolio Review; International Investing Guide; Guide to Bond Funds; On Track 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.

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

troweprice.com

LOG IN AND MANAGE YOUR INVESTMENTS ONLINE

troweprice.com/access

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

troweprice.com/paperless

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 on T. Rowe Price mutual funds, investment and market insights from T. Rowe Price managers, and more.

INVESTMENT GUIDANCE AND TOOLS

troweprice.com/planningtools

Personal Guides provide you with information that can help you, in a few easy steps, match investments with your financial objectives.

Morningstar® Portfolio Manager (formerly Portfolio Tracker) 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.

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 on 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.

No-Load Variable Annuities.

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.

COLLEGE PLANNING

With the costs of college steadily increasing, it's critical to plan early. Our college planning information and college savings products can help you meet your educational investment goals. For more information, visit our Web site at troweprice.com/college, where you will find the **Saving for College Personal Guide**, an interactive tool that can help you determine how much you should save, estimate future tuition costs, and review college savings options. In a few easy steps, the guide provides you with information and a Personalized Action Plan. To speak with a college planning specialist, please call **1-800-638-5660**.

Education Savings Accounts (formerly Education IRAs). This education investment account permits contributions up to a total of \$2,000 per year per beneficiary to help pay for educational costs at eligible schools, including elementary, secondary, and post-secondary institutions. Withdrawals from Education Savings Accounts are tax-free if the proceeds are used for qualified educational expenses.

College Savings Plans (529 Plans). To help families prepare for college education costs, T. Rowe Price manages three 529 plans that are open to all U.S. residents. Any earnings on contributions are tax-deferred and distributions are exempt from federal income taxes when used for qualified educational expenses. Also, these plans offer high contribution limits and affordable systematic investing.

T. Rowe Price manages the T. Rowe Price College Savings Plan, a national 529 plan offered by the Education Trust of Alaska; the Maryland College Investment Plan; and the University of Alaska College Savings Plan. The Maryland College Investment Plan offers certain potential benefits for Maryland residents, and the University of Alaska College Savings Plan offers potential benefits for Alaska residents.

Earnings on a distribution not used for qualified expenses may be subject to income taxes and a 10% federal penalty. Please note that the availability of tax or other benefits may be conditioned on meeting certain requirements such as residency, purpose for or timing of distributions, or other factors, as applicable.

Please visit our Web site or call 1-800-638-5660 to obtain the applicable plan disclosure document, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. Please consider, before investing, whether your or your beneficiary's home state offers any state tax or other benefits that are only available for investments in that state's plan. T. Rowe Price Investment Services, Inc., Distributor/Underwriter.

SAVINGS BANK

Now there's a way to get more than great rates from your next CD. T. Rowe Price Savings Bank gives you the benefits of FDIC insurance and predictable interest payments, plus world-class service from a name you trust.*

You can use a Savings Bank CD account to expand your investment mix and help to reduce your portfolio's overall risk. For accounts of \$5,000 or more that have terms of 91 days or longer, interest can remain on deposit or be transferred to an account you have elsewhere.

T. Rowe Price Savings Bank offers

- FDIC insurance
- Competitive interest rates
- Low minimum deposit of \$1,000 for Classic CDs
- Higher rates with Mini-Jumbo and Jumbo CDs
- **Smart Ladder CDsSM**
- IRA accounts**
- Terms from 30 days to 60 months***
- Flexible options to invest interest payments****
- Annual statements
- Automatic renewal feature

Smart Ladder CDs

Opening CDs that mature at different times can help to hedge against sharp swings in interest rates. This approach, known as CD laddering, generally lets you lock in higher rates with the longer-maturity CDs if rates fall. However, if rates rise again in the next few years, you'll have money available to invest from CDs with upcoming maturities.

Smart Ladder CDs offer a convenient way to create a CD ladder. With a minimum deposit of \$25,000 and a single application, we'll set up your CD ladder, manage the annual renewals, and offer you the highest current interest rates based on your total minimum deposit and applicable terms.

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

** Please read the Traditional and Roth IRA Summary & Agreement before investing.

*** IRA CDs available from six months to 60 months.

**** Available for accounts of \$5,000 or more that have terms of 91 days or longer.

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 Multi-Cap Growth
Total Equity Market Index
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 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, which 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.



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Baltimore, MD 21202