

JUNE 30, 2009

GROWTH
STOCK
FUND

Semiannual Report



T. ROWE PRICE[®]

T. ROWE PRICE GROWTH STOCK FUND

HIGHLIGHTS

- U.S. equities staged an impressive rally after sinking to a cyclical low in early March.
- The fund delivered a substantial gain for the first six months of the year, surpassing the benchmark Russell index and its Lipper peer group during the period.
- Our current positioning reflects our view that consumers are unlikely to return to their old spending patterns any time soon as Americans continue to pay down debt, save for retirement and college, and deleverage their financial positions.
- We are generally optimistic that the worst of the global economic and market downturn is behind us. Our outlook is based on our belief that the financial system as a whole has raised adequate capital and is in the process of healing.

The views and opinions in this report were current as of June 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

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Fellow Shareholders

U.S. equities staged an impressive rally after sinking to a cyclical low in early March. The rebound occurred after a dismal period for stocks that began in the fall of 2007, driven by the downturn in the housing market and resulting problems for many financial institutions and consumers. Fund performance outpaced the broad market by a significant margin as the extreme risk aversion that was evident in the second half of 2008 abated somewhat, and the market returned its focus to fundamentals and the longer-term growth opportunities for many of the companies in the portfolio.

PERFORMANCE COMPARISON

The Growth Stock Fund posted a gain of 15.12% during the past six months, surpassing the returns of its key benchmarks—the Lipper Large-Cap Growth Funds Index and the Russell 1000 Growth Index. This

PERFORMANCE COMPARISON	
Six-Month Period Ended 6/30/09	Total Return
Growth Stock Fund	15.12%
Growth Stock Fund—Advisor Class	15.06
Growth Stock Fund—R Class	14.89
S&P 500 Index	3.16
Lipper Large-Cap Growth Funds Index	12.33
Russell 1000 Growth Index	11.53

performance came against the backdrop of the fund’s relative underperformance in the second half of 2008, as many of the fund’s top holdings rallied sharply in 2009 after poor performance the year before. The fund’s six-month return was also well ahead of the broad market, measured by the S&P 500 Stock Index, as growth stocks performed

well versus slower-growing companies. (Results for Advisor and R Class shares were slightly lower, reflecting their higher expense ratios.)

MARKET ENVIRONMENT

After plummeting in the fall of 2008, global equity markets attempted a weak recovery in December before faltering again at the beginning of 2009. Investors remained concerned about the weakening economy and the tottering banking and financial system. At its nadir on March 9, 2009, the broad S&P 500 Index was off 25.1% from its level at the start of the year.

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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The Federal Reserve reiterated that it would maintain its policy of low short-term interest rates by keeping overnight interest rates near 0%. In addition, the Fed began to institute a quantitative easing program whereby it prints money to purchase mortgage-backed securities and long-term Treasuries in an effort to lower longer-term interest and mortgage rates. These and other aggressive policy actions appear to be having the desired effect because the economic recession has begun to ease. According to the Fed's policy-setting panel, worries about deflation (a downward spiral in prices) have also been fading. The Fed indicated that rates were likely to remain low until an economic revival was under way and concerns about higher inflation down the road resurfaced.

As investors developed a bit more confidence that perhaps the worst of the crisis was finally behind us, stocks rebounded sharply, driving the S&P 500 up about 40% before it pulled back from its peak for the year in late June. The investment environment has assumed a more positive tone, with riskier asset classes performing best in recent months. Credit spreads have narrowed in the bond markets, and overall liquidity has improved. The federal government's "stress test" results for 19 of the largest U.S. banks were not as bad as feared. The stress test, combined with the government's pledge to inject these institutions with capital at prespecified prices, reversed the lack of confidence in financials and ended the so-called "death spiral." The renewed confidence of investors

allowed many financial companies to raise capital during the period, and we participated in many of the deals. Financials, the worst-performing sector in the first quarter, was the strongest sector in the second.

Unemployment continued to climb and is likely to rise further in the months ahead. However, the pace of job losses is slowing. While unemployment is a lagging indicator, many leading indicators—including consumer confidence—have bounced from their lows. Signs of stabilization have begun to appear in housing, particularly at the lower end where credits for first-time homebuyers have helped. In general, investors have become more optimistic that a gradual process of stabilization and recovery may be under way.

PORTFOLIO REVIEW

Stock selection was the main contributor to the fund's outperformance versus its benchmarks and peers during the period, while sector weightings also contributed positively. The three largest positions in the fund, **Apple**, **Amazon.com**, and **Google**, were also the three largest contributors to performance. All of these companies represent good examples

of what we look for in our investments: large addressable markets, sustainable competitive advantages, and reasonable valuations. They were the largest holdings in the portfolio at the end of June and warrant a closer look as to why they remain so. (Please refer to the fund's portfolio of investments for a complete listing of holdings and the amount each represents in the portfolio.)

Apple currently has less than 10% share in two markets that have addressable markets of greater

than \$100 billion—personal computers and mobile phones. It is also dominant in MP3 players with its iPod products. We believe the company's engineering prowess has enabled it to make superior and unique

PORTFOLIO CHARACTERISTICS

As of 6/30/09	Growth Stock Fund	S&P 500 Stock Index
Earnings Growth Rate		
Past 5 Years	17.8%	11.8%
Projected 5 Years*	13.0	9.7
Return on Equity		
Past 5 Years	21.7	20.9
Long-Term Debt as Percent of Capital		
	21.4	34.3
P/E Ratio (12-month forward projected earnings)*		
	17.5X	13.9X
*Source for data: IBES. Forecasts are in no way indicative of future investment returns.		

products that will allow Apple to continue to penetrate these markets and take share. Additionally, software such as iTunes, the App Store, and iChat provide tremendous retention for Apple customers and, hence, ongoing replacement demand. With \$28 billion of cash and marketable securities (\$32 per share), as well as free cash flow of over \$9 per share annually, we think Apple is still quite reasonably priced given its growth prospects.

Also within technology, we like Google. Google has about 65% of the search market share in the U.S. and close to 80% internationally, and we don't see it being threatened to a great extent from competing search engines. Google is addressing a \$600 billion global advertising market, and we believe it is poised to continue taking share from traditional media companies. Much of this growth will come from the company's core business, desktop search. This is especially true in international markets where Google has a dominant market share and where e-commerce, the predominant driver of paid search revenue, is in various stages of development behind the U.S. market. We also believe the mobile and video opportunities are large as consumers adopt smartphones and conduct more mobile and local searches. The video opportunity is growing as the company begins to monetize its leading YouTube asset. The valuation of Google remains undemanding in our view, with \$18 billion of cash and marketable securities (\$60 per share) and free cash flow of over \$20 per share during the past 12 months.

Within consumer discretionary, Amazon.com is far and away our largest position. Amazon's sales represent approximately 7% of e-commerce sales globally, while e-commerce represents 5% of global retail sales. With Amazon's broad and growing selection, everyday low prices, Prime shipping program, and technology initiatives such as the Kindle electronic book reader, we believe Amazon is poised to continue gaining market share. Amazon is more expensive than many companies but does carry \$2.7 billion in cash (over \$6 per share) and produced \$3.27 of free cash flow per share over the past 12 months. We believe Amazon is well worth this price since it has among the strongest competitive advantages and largest target market of companies that we examine.

In terms of portfolio changes from a sector level during the first six months of the year, we reduced our health care exposure (via two acquisitions as well as outright sales) and added to our financials and consumer discretionary exposure.

Within health care, the fund benefited from two acquisitions during the period; Roche bought **Genentech** and Pfizer announced its intention

to acquire **Wyeth**, which we subsequently eliminated. Other large health care sales included **Medtronic**, **Becton Dickinson**, **Baxter International**, **Aetna**, and **Humana**. These sales were driven by both our view of more attractive opportunities in other stocks and sectors (namely financials and consumer discretionary) and the changing climate for health care companies as major health care reform seems all but certain during the current administration. Policies designed to cut costs are likely to reduce the revenue streams at many of these companies.

We have been buying financials with the belief that most large financial institutions are no longer in need of additional capital to weather the current economic cycle (and, hence, the dilution risk to shareholders has subsided). We believe that peak loan losses are now within sight, and as losses subside, a view of the “normalized earnings power” of these

companies will emerge. By historical standards, most financials are very inexpensive, trading at four to seven times this normalized earnings power. Consequently, we’ve been buying **JPMorgan Chase**, **American Express**, **Bank of America**, **Wells Fargo**, **U.S. Bancorp**, **State Street**, and **Northern Trust**.

We have also been adding to the consumer sector despite our belief that U.S. consumers are unlikely to return to their old spending patterns any time soon because of the destruction of value in housing and the stock market that has forced people to increase

their savings rate to meet retirement and college savings goals. For this reason, we have redirected our focus to retailers that more realistically reflect the new frugality. During the period under review, we added to or initiated positions in companies that have been successful selling goods to cost-conscious consumers, including **Wal-Mart**, **McDonald’s**, and **Dollar Tree**. We also bought **AutoZone** with the expectation that

SECTOR DIVERSIFICATION

	Percent of Net Assets	
	12/31/08	6/30/09
Information Technology	28.1%	29.5%
Health Care	25.8	15.1
Consumer Discretionary	9.7	13.2
Financials	2.8	11.1
Consumer Staples	9.5	8.2
Energy	7.4	7.7
Industrials and Business Services	6.4	7.4
Telecommunication Services	5.3	4.3
Materials	2.4	2.9
Other and Reserves	2.6	0.6
Total	100.0%	100.0%

Historical weightings reflect current industry/sector classifications.

people will keep their cars longer and will therefore have to maintain them. The auto parts retailers will benefit from the closing of dealerships as people are likely to utilize independent mechanics or repair their own vehicles.

OUTLOOK

Consumer spending, which used to be around two-thirds of the economy, reached between 70% and 75% of gross domestic product as many consumers relied on housing and stock market appreciation combined with easy credit to fund purchases. But we are witnessing a semipermanent downshift in demand, back to historical norms, with a corresponding increase in savings. The U.S. savings rate had typically averaged about 8% in normal economic times going back to the late 1950s and had gotten as high as 11% to 12% during recessions. However, during much of the past decade, the savings rate has hovered between 0% and 3% and has gone negative in some months. The most recent reading put it at 6.9%, and we believe this trend represents a long-term shift in how people conduct their financial lives. As a result, our portfolio positioning reflects this changing dynamic.

The strong stock market rally, aided by reviving credit markets and signs of economic stabilization, provided welcome relief in the second quarter. We are generally optimistic that the worst of the global economic and market downturn is behind us, but the strength of an economic recovery is still uncertain. Shareholders should not be surprised at a pullback—indeed, stocks have already retreated from their peak so far this year—as investors begin to look for concrete signs of an economic upturn. We believe many companies have now right-sized their cost structures for this new economic reality and a slow and steady recovery will emerge as financial institutions and consumers continue to strengthen their financial positions.

Among large-caps, growth stocks outperformed value stocks early this year, but since stocks reached their lows in early March, value has strengthened in anticipation of a cyclical recovery. Accordingly, we've positioned the portfolio to benefit from an economic rebound, including large weightings in technology and financials, and have reduced or eliminated companies vulnerable to revenue cuts from health care reform.

...WE'VE POSITIONED
THE PORTFOLIO
TO BENEFIT FROM
AN ECONOMIC
REBOUND...

Our challenge in the months ahead will be to identify companies likely to benefit most from the changing economic environment. We always maintain our strict bottom-up fundamental research and valuation discipline to select companies for the portfolio, as we believe this best serves our shareholders over the long term. We hope to be successful in this endeavor and retain the confidence of our shareholders.

Respectfully submitted,

A handwritten signature in black ink that reads "Rob Bartolo". The signature is written in a cursive, flowing style.

P. Robert Bartolo
Chairman of the fund's Investment Advisory Committee

July 17, 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 STOCK INVESTING

The fund's share price can fall because of weakness in the stock markets, a particular industry, or specific holdings. Stock markets can decline for many reasons, including adverse political or economic developments, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the investment manager's assessment of companies held in a fund may prove incorrect, resulting in losses or poor performance even in rising markets.

GLOSSARY

Dividend yield: The annual dividend of a stock divided by the stock's price.

Free cash flow: The excess cash a company is generating from its operations that can be taken out of the business for the benefit of shareholders, such as dividends, share repurchases, investments, and acquisitions.

Lipper indexes: Fund benchmarks that consist of a small number (10 to 30) of the largest mutual funds in a particular category as tracked by Lipper Inc.

Price/book ratio: A valuation measure that compares a stock's market price with its book value, i.e., the company's net worth divided by the number of outstanding shares.

Price/earnings (P/E) ratio: A valuation measure calculated by dividing the price of a stock by its current or projected earnings per share. This ratio gives investors an idea of how much they are paying for current or future earnings power.

Russell 1000 Growth Index: A market capitalization-weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

S&P 500 Stock Index: An unmanaged index that tracks the stocks of 500 primarily large-cap U.S. companies.

PORTFOLIO HIGHLIGHTS

TWENTY-FIVE LARGEST HOLDINGS

	Percent of Net Assets 6/30/09
Apple	5.1%
Amazon.com	4.3
Google	4.1
Danaher	3.2
Medco Health Solutions	3.1
Qualcomm	2.4
Gilead Sciences	2.3
Schlumberger	2.0
Express Scripts	1.9
Crown Castle International	1.9
PepsiCo	1.7
Visa	1.7
American Tower	1.6
Microsoft	1.6
McGraw-Hill	1.6
Praxair	1.4
Western Union	1.3
Procter & Gamble	1.3
Petroleo Brasileiro	1.3
JPMorgan Chase	1.3
State Street	1.3
AutoZone	1.3
Bank of America	1.3
Wal-Mart	1.2
Allergan	1.2
Total	51.4%

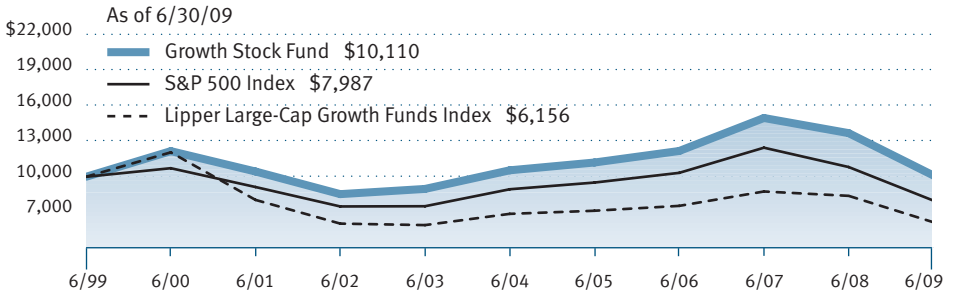
T. ROWE PRICE GROWTH STOCK FUND

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.

GROWTH STOCK FUND



Note: Performance for the Advisor and R Class will vary due to their differing fee structures. See the 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 had been earned at a constant rate.

Periods Ended 6/30/09	1 Year	5 Years	10 Years	Since Inception	Inception Date
Growth Stock Fund	-26.15%	-0.84%	0.11%	-	-
Growth Stock Fund—Advisor Class	-26.26	-1.04	-	-0.29%	12/31/01
Growth Stock Fund—R Class	-26.47	-1.31	-	4.58	9/30/02

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 1-800-638-8970 (Advisor Class and R Class).

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

Growth Stock Fund	0.73%
Growth Stock Fund–Advisor Class	0.94
Growth Stock Fund–R Class	1.19

The expense ratio shown is as of the fund’s fiscal year ended 12/31/08. 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.

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 three share classes: The original share class (“investor class”) charges no distribution and service (12b-1) fee; Advisor Class shares are offered only through unaffiliated brokers and other financial intermediaries and charge a 0.25% 12b-1 fee; and R Class shares are available to retirement plans serviced by intermediaries and charge a 0.50% 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

FUND EXPENSE EXAMPLE (CONTINUED)

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.

T. ROWE PRICE GROWTH STOCK FUND

	Beginning Account Value 1/1/09	Ending Account Value 6/30/09	Expenses Paid During Period* 1/1/09 to 6/30/09
Investor Class			
Actual	\$1,000.00	\$1,151.20	\$3.95
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.12	3.71
Advisor Class			
Actual	1,000.00	1,150.60	4.80
Hypothetical (assumes 5% return before expenses)	1,000.00	1,020.33	4.51
R Class			
Actual	1,000.00	1,148.90	6.07
Hypothetical (assumes 5% return before expenses)	1,000.00	1,019.14	5.71

*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 0.74%, the Advisor Class was 0.90%, and the R Class was 1.14%.

T. ROWE PRICE GROWTH STOCK FUND

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Investor Class

	6 Months Ended 6/30/09 [†]	Year Ended 12/31/08 [†]	12/31/07 [†]	12/31/06 [†]	12/31/05 [†]	12/31/04
NET ASSET VALUE						
Beginning of period	\$ 19.24	\$ 33.66	\$ 31.63	\$ 28.40	\$ 26.67	\$ 24.33
Investment activities						
Net investment income	0.04	0.14	0.22	0.16	0.11	0.15
Net realized and unrealized gain (loss)	2.87	(14.37)	3.03	3.83	1.64	2.34
Total from investment activities	2.91	(14.23)	3.25	3.99	1.75	2.49
Distributions						
Net investment income	–	(0.12)	(0.21)	(0.19)	(0.02)	(0.15)
Net realized gain	–	(0.07)	(1.01)	(0.57)	–	–
Total distributions	–	(0.19)	(1.22)	(0.76)	(0.02)	(0.15)

NET ASSET VALUE

End of period	\$ 22.15	\$ 19.24	\$ 33.66	\$ 31.63	\$ 28.40	\$ 26.67
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Ratios/Supplemental Data

Total return⁽¹⁾	15.12%	(42.26)%	10.37%	14.05%	6.56%	10.24%
Ratio of total expenses to average net assets	0.74% ⁽²⁾	0.71%	0.67%	0.70%	0.72%	0.74%
Ratio of net investment income to average net assets	0.39% ⁽²⁾	0.49%	0.64%	0.53%	0.42%	0.72% ⁽³⁾
Portfolio turnover rate	32.6%	55.6%	51.2%	37.8%	36.2%	30.7%
Net assets, end of period (in millions)	\$ 14,608	\$ 12,613	\$ 21,493	\$ 16,078	\$ 11,155	\$ 8,238

[†] 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) Annualized

(3) Includes the effect of a one-time special dividend (0.42% of average net assets) that is not expected to recur.

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

T. ROWE PRICE GROWTH STOCK FUND

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Advisor Class

	6 Months Ended 6/30/09 [†]	Year Ended 12/31/08 [†]	12/31/07 [†]	12/31/06 [†]	12/31/05 [†]	12/31/04
NET ASSET VALUE						
Beginning of period	\$ 19.12	\$ 33.40	\$ 31.39	\$ 28.20	\$ 26.52	\$ 24.23
Investment activities						
Net investment income	0.02	0.08	0.14	0.09	0.06	0.14
Net realized and unrealized gain (loss)	2.86	(14.24)	3.01	3.80	1.62	2.29
Total from investment activities	2.88	(14.16)	3.15	3.89	1.68	2.43
Distributions						
Net investment income	–	(0.05)	(0.13)	(0.13)	–	(0.14)
Net realized gain	–	(0.07)	(1.01)	(0.57)	–	–
Total distributions	–	(0.12)	(1.14)	(0.70)	–	(0.14)
NET ASSET VALUE						
End of period	\$ 22.00	\$ 19.12	\$ 33.40	\$ 31.39	\$ 28.20	\$ 26.52

Ratios/Supplemental Data

Total return⁽¹⁾	15.06%	(42.28)%	10.12%	13.79%	6.33%	10.04%
Ratio of total expenses to average net assets	0.90% ⁽²⁾	0.92%	0.90%	0.92%	0.94%	0.93%
Ratio of net investment income to average net assets	0.23% ⁽²⁾	0.27%	0.41%	0.30%	0.21%	0.72% ⁽³⁾
Portfolio turnover rate	32.6%	55.6%	51.2%	37.8%	36.2%	30.7%
Net assets, end of period (in millions)	\$ 1,656	\$ 1,667	\$ 3,664	\$ 2,360	\$ 1,232	\$ 451

[†] 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) Annualized

(3) Includes the effect of a one-time special dividend (0.59% of average net assets) that is not expected to recur.

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

T. ROWE PRICE GROWTH STOCK FUND

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

R Class

	6 Months Ended 6/30/09 [‡]	Year Ended 12/31/08 [‡]	12/31/07 [‡]	12/31/06 [‡]	12/31/05 [‡]	12/31/04
NET ASSET VALUE						
Beginning of period	\$ 19.01	\$ 33.21	\$ 31.21	\$ 28.04	\$ 26.44	\$ 24.19
Investment activities						
Net investment income (loss)	–	0.01	0.06	0.02	(0.01)	0.11
Net realized and unrealized gain (loss)	2.83	(14.13)	2.99	3.76	1.61	2.24
Total from investment activities	2.83	(14.12)	3.05	3.78	1.60	2.35
Distributions						
Net investment income	–	(0.01)	(0.04)	(0.04)	–	(0.10)
Net realized gain	–	(0.07)	(1.01)	(0.57)	–	–
Total distributions	–	(0.08)	(1.05)	(0.61)	–	(0.10)
NET ASSET VALUE						
End of period	\$ 21.84	\$ 19.01	\$ 33.21	\$ 31.21	\$ 28.04	\$ 26.44

Ratios/Supplemental Data

Total return⁽¹⁾	14.89%	(42.51)%	9.85%	13.48%	6.05%	9.72%
Ratio of total expenses to average net assets	1.14% ⁽²⁾	1.15%	1.15%	1.17%	1.19%	1.21%
Ratio of net investment income (loss) to average net assets	(0.01)% ⁽²⁾	0.04%	0.17%	0.06%	(0.04)%	0.46% ⁽³⁾
Portfolio turnover rate	32.6%	55.6%	51.2%	37.8%	36.2%	30.7%
Net assets, end of period (in thousands)	\$ 624,401	\$ 500,715	\$ 912,697	\$ 631,627	\$ 387,550	\$ 98,348

[‡] 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⁾ Annualized

⁽³⁾ Includes the effect of a one-time special dividend (0.60% of average net assets) that is not expected to recur.

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

T. ROWE PRICE GROWTH STOCK FUND

Unaudited

June 30, 2009

PORTFOLIO OF INVESTMENTS ‡	Shares	Value
(Cost and value in \$000s)		
COMMON STOCKS 99.4%		
CONSUMER DISCRETIONARY 12.2%		
Diversified Consumer Services 0.6%		
Apollo Group, Class A (1)	1,387,100	98,651
		98,651
Hotels, Restaurants & Leisure 1.7%		
McDonald's	2,238,000	128,663
MGM Mirage (1)	2,664,300	17,025
Yum! Brands	4,072,600	135,780
		281,468
Internet & Catalog Retail 5.1%		
Amazon.com (1)	8,615,700	720,790
Expedia (1)	5,556,000	83,951
priceline.com (1)	572,400	63,851
		868,592
Media 1.6%		
McGraw-Hill	8,902,400	268,051
		268,051
Multiline Retail 0.5%		
Dollar Tree (1)	2,204,900	92,826
		92,826
Specialty Retail 1.9%		
AutoZone (1)	1,475,300	222,932
Lowe's	4,722,300	91,660
		314,592
Textiles, Apparel & Luxury Goods 0.8%		
Nike, Class B	2,713,300	140,495
		140,495
Total Consumer Discretionary		2,064,675

T. ROWE PRICE GROWTH STOCK FUND

	Shares	Value
(Cost and value in \$000s)		
CONSUMER STAPLES 8.2%		
Beverages 2.6%		
Coca-Cola	3,153,900	151,356
PepsiCo	5,288,900	290,678
		442,034
Food & Staples Retailing 2.9%		
Costco Wholesale	2,741,900	125,305
CVS Caremark	5,127,700	163,420
Wal-Mart	4,300,200	208,301
		497,026
Food Products 1.4%		
Danone (EUR)	2,188,254	108,217
Nestle (CHF)	3,192,988	120,507
		228,724
Household Products 1.3%		
Procter & Gamble	4,399,600	224,819
		224,819
Total Consumer Staples		1,392,603
ENERGY 7.4%		
Energy Equipment & Services 3.0%		
Cameron International (1)	3,525,138	99,761
Schlumberger	6,062,400	328,037
Smith International	3,214,900	82,784
		510,582
Oil, Gas & Consumable Fuels 4.4%		
Chevron	1,087,100	72,020
EOG Resources	1,601,900	108,801
ExxonMobil	2,747,100	192,050

T. ROWE PRICE GROWTH STOCK FUND

	Shares	Value
(Cost and value in \$000s)		
Murphy Oil	1,386,000	75,287
Occidental Petroleum	1,120,100	73,714
Petroleo Brasileiro, ADR	6,733,200	224,620
		746,492
Total Energy		1,257,074

FINANCIALS 10.5%

Capital Markets 5.3%

Bank of New York Mellon	3,463,700	101,521
Blackrock, Class A	308,800	54,170
Charles Schwab	4,466,900	78,349
Franklin Resources	880,800	63,426
Goldman Sachs	1,067,600	157,407
Morgan Stanley	4,018,000	114,553
Northern Trust	1,670,800	89,689
State Street	4,736,057	223,542
		882,657

Commercial Banks 1.2%

U.S. Bancorp	4,325,700	77,517
Wells Fargo	5,299,400	128,563
		206,080

Consumer Finance 0.7%

American Express	5,228,100	121,501
		121,501

Diversified Financial Services 3.3%

Bank of America	16,583,000	218,896
IntercontinentalExchange (1)	1,020,600	116,593
JPMorgan Chase	6,571,600	224,157
		559,646
Total Financials		1,769,884

T. ROWE PRICE GROWTH STOCK FUND

	Shares	Value
(Cost and value in \$000s)		
HEALTH CARE 13.8%		
Biotechnology 2.9%		
Celgene (1)	2,039,900	97,589
Gilead Sciences (1)	8,279,400	387,807
		485,396
Health Care Equipment & Supplies 1.9%		
Becton, Dickinson & Company	280,500	20,002
Covidien	1,449,900	54,284
Dentsply International	1,341,600	40,946
St. Jude Medical (1)	3,098,100	127,332
Stryker	2,105,700	83,681
		326,245
Health Care Providers & Services 6.9%		
Express Scripts (1)	4,750,700	326,610
McKesson	3,302,000	145,288
Medco (1)	11,496,600	524,360
WellPoint (1)	3,259,300	165,866
		1,162,124
Pharmaceuticals 2.1%		
Allergan	4,283,500	203,809
Elan, ADR (1)	7,519,600	47,900
Teva Pharmaceutical, ADR	2,072,500	102,257
		353,966
Total Health Care		2,327,731
INDUSTRIALS & BUSINESS SERVICES 7.0%		
Aerospace & Defense 0.8%		
Lockheed Martin	1,601,700	129,177
		129,177

T. ROWE PRICE GROWTH STOCK FUND

	Shares	Value
(Cost and value in \$000s)		
Air Freight & Logistics 1.4%		
Expeditors International of Washington	3,645,600	121,544
UPS, Class B	2,309,300	115,442
		236,986
Commercial Services & Supplies 0.6%		
Republic Services	4,148,800	101,272
		101,272
Industrial Conglomerates 0.4%		
3M	1,199,300	72,078
		72,078
Machinery 3.6%		
Danaher	8,735,500	539,330
Deere	1,724,000	68,874
		608,204
Road & Rail 0.2%		
Union Pacific	584,400	30,424
		30,424
Total Industrials & Business Services		1,178,141
INFORMATION TECHNOLOGY 28.7%		
Communications Equipment 5.3%		
Cisco Systems (1)	10,686,600	199,198
Juniper Networks (1)	5,715,700	134,891
QUALCOMM	8,936,400	403,925
Research In Motion (1)	2,178,800	154,804
		892,818
Computers & Peripherals 5.0%		
Apple (1)	5,971,800	850,563
		850,563

T. ROWE PRICE GROWTH STOCK FUND

	Shares	Value
(Cost and value in \$000s)		
Electronic Equipment, Instruments & Components 0.8%		
Dolby Laboratories, Class A (1)	3,506,900	130,737
		130,737
Internet Software & Services 5.7%		
Google, Class A (1)	1,621,100	683,440
Tencent Holdings (HKD)	12,370,500	143,475
VeriSign (1)	6,989,200	129,160
		956,075
IT Services 6.5%		
Accenture, Class A	4,616,700	154,475
Automatic Data Processing	3,595,400	127,421
Fiserv (1)	2,516,800	115,018
MasterCard, Class A	1,035,000	173,166
Redecard (BRL)	1,104,100	16,988
Visa, Class A	4,656,600	289,920
Western Union	13,716,900	224,957
		1,101,945
Semiconductor & Semiconductor Equipment 2.0%		
Broadcom, Class A (1)	4,190,000	103,870
Intel	6,048,100	100,096
Marvell Technology (1)	11,185,000	130,194
		334,160
Software 3.4%		
Autodesk (1)	5,636,300	106,977
McAfee (1)	4,615,400	194,724
Microsoft	11,414,643	271,326
		573,027
Total Information Technology		4,839,325

T. ROWE PRICE GROWTH STOCK FUND

	Shares	Value
(Cost and value in \$000s)		
MATERIALS 2.8%		
Chemicals 2.0%		
Monsanto	1,343,172	99,852
Praxair	3,336,600	237,132
		336,984
Metals & Mining 0.8%		
Agnico-Eagle Mines	250,500	13,146
BHP Billiton (AUD)	4,270,741	117,050
		130,196
Total Materials		467,180
TELECOMMUNICATION SERVICES 4.3%		
Wireless Telecommunication Services 4.3%		
American Tower, Class A (1)	8,660,841	273,076
Bharti Airtel (INR) (1)	787,129	13,228
Crown Castle International (1)	12,943,400	310,900
Leap Wireless International (1)	1,969,500	64,856
MetroPCS Communications (1)	4,564,958	60,760
Total Telecommunication Services		722,820
Total Miscellaneous Common Stocks 4.5% (2)		766,838
Total Common Stocks (Cost \$16,348,691)		16,786,271
SHORT-TERM INVESTMENTS 0.1%		
Money Market Funds 0.1%		
T. Rowe Price Reserve Investment Fund, 0.41% (3)(4)	22,042,862	22,043
Total Short-Term Investments (Cost \$22,043)		22,043

(Cost and value in \$000s)

Total Investments in Securities

99.5% of Net Assets (Cost \$16,370,734)

\$ 16,808,314

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

- (1) Non-income producing
- (2) The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities.
- (3) Seven-day yield
- (4) Affiliated Companies

ADR American Depository Receipts

AUD Australian Dollar

BRL Brazilian Real

CHF Swiss Franc

EUR Euro

HKD Hong Kong Dollar

INR Indian Rupee

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	
				6/30/09	12/31/08
T. Rowe Price Reserve					
Investment Fund, 0.41%	▫	▫	\$ 912	\$ 22,043	\$ 394,397
Totals			<u>\$ 912</u>	<u>\$ 22,043</u>	<u>\$ 394,397</u>

▫ 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	<u>\$ 22,043</u>
Dividend income	912
Interest income	<u>-</u>
Investment income	<u>\$ 912</u>
Realized gain (loss) on securities	<u>\$ -</u>
Capital gain distributions from mutual funds	<u>\$ -</u>

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 \$16,370,734)	\$ 16,808,314
Receivable for investment securities sold	107,783
Receivable for shares sold	56,677
Dividends and interest receivable	13,595
Cash	32
Foreign currency (cost \$2)	2
Other assets	6,368
Total assets	<u>16,992,771</u>

Liabilities

Payable for investment securities purchased	73,066
Payable for shares redeemed	20,990
Investment management fees payable	7,708
Due to affiliates	1,955
Other liabilities	1,300
Total liabilities	<u>105,019</u>

NET ASSETS**\$ 16,887,752****Net Assets Consist of:**

Undistributed net investment income	\$ 34,512
Accumulated undistributed net realized loss	(4,500,988)
Net unrealized gain	438,502
Paid-in capital applicable to 763,296,888 shares of \$1.00 par value capital stock outstanding; 1,500,000,000 shares authorized	<u>20,915,726</u>

NET ASSETS**\$ 16,887,752**

STATEMENT OF ASSETS AND LIABILITIES**NET ASSET VALUE PER SHARE**

Investor Class (\$14,607,563,797 / 659,439,461 shares outstanding)	\$ 22.15
Advisor Class (\$1,655,787,037 / 75,271,603 shares outstanding)	\$ 22.00
R Class (\$624,401,377 / 28,585,824 shares outstanding)	\$ 21.84

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

T. ROWE PRICE GROWTH STOCK FUND

Unaudited

STATEMENT OF OPERATIONS

(\$000s)

		6 Months Ended 6/30/09
Investment Income (Loss)		
Income		
Dividend	\$	86,024
Securities lending		65
Total income		86,089
Expenses		
Investment management		42,414
Shareholder servicing		
Investor Class	\$ 11,520	
Advisor Class	695	
R Class	267	12,482
Rule 12b-1 fees		
Advisor Class	1,922	
R Class	1,256	3,178
Prospectus and shareholder reports		
Investor Class	274	
Advisor Class	76	
R Class	12	362
Custody and accounting		237
Registration		69
Legal and audit		37
Directors		24
Miscellaneous		48
Total expenses		58,851
Net investment income		27,238

T. ROWE PRICE GROWTH STOCK FUND

Unaudited

STATEMENT OF OPERATIONS

(\$000s)

	6 Months Ended 6/30/09
Realized and Unrealized Gain (Loss)	
Net realized gain (loss)	
Securities	(1,860,172)
Foreign currency transactions	46
Net realized loss	<u>(1,860,126)</u>
Change in net unrealized gain (loss)	
Securities	4,018,129
Other assets and liabilities denominated in foreign currencies	414
Change in net unrealized gain	<u>4,018,543</u>
Net realized and unrealized gain	<u>2,158,417</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 2,185,655</u>

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

T. ROWE PRICE GROWTH STOCK FUND

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 6/30/09	Year Ended 12/31/08
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 27,238	\$ 97,591
Net realized loss	(1,860,126)	(2,512,764)
Change in net unrealized gain (loss)	4,018,543	(8,717,979)
Increase (decrease) in net assets from operations	2,185,655	(11,133,152)
Distributions to shareholders		
Net investment income		
Investor Class	-	(78,123)
Advisor Class	-	(4,380)
R Class	-	(243)
Net realized gain		
Investor Class	-	(46,321)
Advisor Class	-	(6,286)
R Class	-	(1,856)
Decrease in net assets from distributions	-	(137,209)
Capital share transactions*		
Shares sold		
Investor Class	1,578,433	4,601,447
Advisor Class	221,095	868,891
R Class	136,977	242,203
Distributions reinvested		
Investor Class	-	114,104
Advisor Class	-	9,482
R Class	-	2,099
Shares redeemed		
Investor Class	(1,476,068)	(4,115,066)
Advisor Class	(449,008)	(1,463,031)
R Class	(89,325)	(279,398)
Decrease in net assets from capital share transactions	(77,896)	(19,269)

T. ROWE PRICE GROWTH STOCK FUND

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 6/30/09	Year Ended 12/31/08
Net Assets		
Increase (decrease) during period	2,107,759	(11,289,630)
Beginning of period	14,779,993	26,069,623
End of period	\$ 16,887,752	\$ 14,779,993
Undistributed net investment income	34,512	7,274
*Share information		
Shares sold		
Investor Class	79,294	166,837
Advisor Class	11,253	32,774
R Class	6,836	8,884
Distributions reinvested		
Investor Class	-	6,137
Advisor Class	-	513
R Class	-	114
Shares redeemed		
Investor Class	(75,328)	(155,988)
Advisor Class	(23,138)	(55,835)
R Class	(4,587)	(10,141)
Decrease in shares outstanding	(5,670)	(6,705)

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

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Growth Stock Fund, Inc. (the fund), is registered under the Investment Company Act of 1940 (the 1940 Act) as a diversified, open-end management investment company. The fund seeks to provide long-term capital growth and, secondarily, increasing dividend income through investments in the common stocks of well-established growth companies. The fund has three classes of shares: the Growth Stock Fund original share class, referred to in this report as the Investor Class, offered since April 11, 1950; the Growth Stock Fund—Advisor Class (Advisor Class), offered since December 31, 2001; and the Growth Stock Fund—R Class (R Class), offered since September 30, 2002. Advisor Class shares are sold only through unaffiliated brokers and other unaffiliated financial intermediaries, and R Class shares are available to retirement plans serviced by intermediaries. The Advisor Class and R Class each operate under separate Board-approved Rule 12b-1 plans, pursuant to which each class compensates financial intermediaries for distribution, shareholder servicing, and/or certain administrative services. Each class has exclusive voting rights on matters related solely to that class, separate voting rights on matters that relate to all classes, and, in all other respects, the same rights and obligations as the other classes.

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. Further, fund management believes no events have occurred between June 30, 2009 and August 20, 2009, the date of issuance of the financial statements, that require adjustment of, or disclosure in, the accompanying financial statements.

Investment Transactions, Investment Income, and Distributions Income and expenses are recorded on the accrual basis. 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 and R Class each pay distribution, shareholder servicing, and/or certain administrative expenses in the form of Rule 12b-1 fees, in an amount not exceeding 0.25% and 0.50%, respectively, 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 all 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.

Rebates and Credits Subject to best execution, the fund may direct certain security trades to brokers who have agreed to rebate a portion of the related brokerage commission to the fund in cash. Commission rebates are reflected as realized gain on securities in the accompanying financial statements and totaled \$198,000 for the six months ended June 30, 2009. Additionally, 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.

In-Kind Redemptions In accordance with guidelines described in the fund's prospectus, the fund may distribute portfolio securities rather than cash as payment for a redemption of fund shares (in-kind redemption). For financial reporting purposes, the fund recognizes a gain on in-kind redemptions to the extent the value of the distributed securities on the date of redemption exceeds the cost of those securities. Gains and losses realized on in-kind redemptions are not recognized for tax purposes and are reclassified from undistributed realized gain (loss) to paid-in capital. During the six months ended June 30, 2009, the fund realized \$42,251,000 of net gain on \$128,452,000 of in-kind redemptions.

In-Kind Subscriptions Under certain circumstances and when considered in the best interest of the fund, the fund may accept portfolio securities rather than cash

as payment for the purchase of fund shares (in-kind subscription). For financial reporting and tax purposes, the cost basis of contributed securities is equal to the market value of the securities on the date of contribution. In-kind subscriptions result in no gain or loss and no tax consequences for the fund. During the six months ended June 30, 2009, the fund accepted \$84,067,000 of in-kind subscriptions, including \$79,533,000 from other T. Rowe Price funds.

New Accounting Pronouncement On January 1, 2009, the fund adopted Statement of Financial Accounting Standards No. 161 (FAS 161), *Disclosures about Derivative Instruments and Hedging Activities*. 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. Adoption of FAS 161 had 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 under Statement of Financial Accounting Standards No. 157 (FAS 157), Fair Value Measurements. 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.

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 June 30, 2009:

(\$000s)	Level 1	Level 2	Level 3	Total Value
	Quoted Prices	Significant Observable Inputs	Significant Unobservable Inputs	
Assets				
Investments in Securities				
Common Stocks	\$16,124,550	\$ 661,721	\$ —	\$16,786,271
Short-Term Investments	22,043	—	—	22,043
Total	\$16,146,593	\$ 661,721	\$ —	\$16,808,314

NOTE 3 - OTHER 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.

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. At June 30, 2009, there were no securities on loan.

Other Purchases and sales of portfolio securities other than short-term securities aggregated \$5,135,875,000 and \$4,898,798,000, respectively, for the six months ended June 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 June 30, 2009.

In accordance with federal tax regulations, the fund deferred recognition of certain capital loss amounts previously recognized in the prior fiscal year for financial reporting purposes until the current fiscal period for tax purposes. Such deferrals amounted to \$1,208,521,000 and related to net capital losses realized between November 1 and the fund's fiscal year-end date. Further, the fund intends to retain realized gains to the extent of available capital loss carryforwards. As of December 31, 2008, the fund had \$1,293,025,000 of unused capital loss carryforwards, of which \$14,578,000 expire in fiscal 2011, and \$1,278,447,000 expire in fiscal 2016. Additionally, \$7,289,000 of the fund's unused capital loss carryforwards may be subject to certain limitations on amount and/or timing of use related to being acquired through tax-free reorganizations.

At June 30, 2009, the cost of investments for federal income tax purposes was \$16,370,734,000. Net unrealized gain aggregated \$438,502,000 at period-end, of which \$1,775,650,000 related to appreciated investments and \$1,337,148,000 related to depreciated investments.

NOTE 5 - 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 and a group fee. The individual fund fee is equal to 0.25% of the fund's average daily net assets up to \$15 billion and 0.21% of the fund's average daily net assets in excess of \$15 billion. 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 June 30, 2009, the effective annual group fee rate was 0.31%.

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 and R Class. For the six months ended June 30, 2009, expenses incurred pursuant to these service agreements were \$77,000 for Price Associates, \$1,341,000 for T. Rowe Price Services, Inc., and \$2,200,000 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) and T. Rowe Price Retirement Funds (Retirement Funds) may invest. Neither the Spectrum Funds nor the Retirement Funds invest in the underlying Price funds for the purpose of exercising management or control. Pursuant to separate special servicing agreements, expenses associated with the operation of the Spectrum and Retirement 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 and Retirement Funds, respectively. Expenses allocated under these agreements are reflected as shareholder servicing expenses in the accompanying financial statements. For the six months ended June 30, 2009, the fund was allocated \$374,000 of Spectrum Funds' expenses and \$5,785,000 of Retirement Funds' expenses. Of these amounts, \$4,434,000 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 June 30, 2009, approximately 3% of the outstanding shares of the Investor Class were held by the Spectrum Funds and 33% were held by the Retirement 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.

As of June 30, 2009, T. Rowe Price Group, Inc., and/or its wholly owned subsidiaries owned 1,643,900 shares of the fund, representing less than 1% 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 Associates, 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 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 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 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 (for the Investor Class, Advisor Class, and R 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 for all three classes and expense ratio for the Investor Class and Advisor Class were generally below the median for comparable funds. The information also indicated that the fund's expense ratio for the R Class was above 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 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.

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.

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
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 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.



T. Rowe Price Investment Services, Inc.
100 East Pratt Street
Baltimore, MD 21202