

MARKET

COMMENTARY

Data indicating the economic recovery remained on track helped global markets close out 2009 with a gain. Financial institutions are paying back government loans, and corporations are projecting improved earnings. Business and consumer confidence levels have risen, but they are far below pre-crisis levels, reflecting fears that the recovery is fragile and could be derailed. Higher levels of confidence prevail in emerging markets, which turned in a strong monthly performance and handily beat developed market indexes.

Growth stocks gained and outperformed value. Within the EAFE index, which measures the performance of mostly large-cap equities in Europe, Australasia, and the Far East, the strongest-performing sectors were materials, information technology, and consumer discretionary. Financial services and telecommunication services posted losses.

Despite the fact that European consumers appear decidedly pessimistic, most of the region's markets registered gains. Ireland and Norway posted the strongest performance. In reaction to Greece's recent financial crisis, the country's stock market turned in the worst monthly results followed by Austria and Denmark.

Asian stock markets closed out their best year since 2003 on a positive note. Even Japan, the weakest-performing developed Asian market for much of the year, eked out a gain.

In this environment of continued uncertainty, companies that have strong balance sheets and can finance growing sales at the expense of their competitors should do well. As always, we believe strong fundamental research and stock picking will be critical to investment success.



Portfolio Performance

Periods Ended December 31, 2009

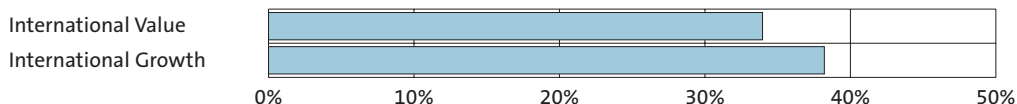
	Expense Ratio	One Month	Three Months	Year-to-Date	One Year	Annualized			
						Three Years	Five Years	Ten Years	
International Stock Fund	0.87%	2.15%	5.33%	52.20%	52.20%	-3.54%	4.47%	-0.16%	
MSCI AC World ex USA Index	—	2.13	3.79	42.14	42.14	-3.04	6.30	3.12	
MSCI EAFE Index	—	1.45	2.22	32.46	32.46	-5.57	4.02	1.58	

Figures include changes in principal value, reinvested dividends, and capital gain distributions. **Current performance may be lower or higher 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. The performance information shown does not reflect the deduction of a 2% redemption fee on shares held 90 days or less; if it did, the performance would be lower. For the most recent month-end performance, or to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing, please call 1-800-638-7780.** The fund's expense ratio is as of its fiscal year ended October 31, 2008. Investors should note that the fund's short-term performance is highly unusual and unlikely to be sustained.

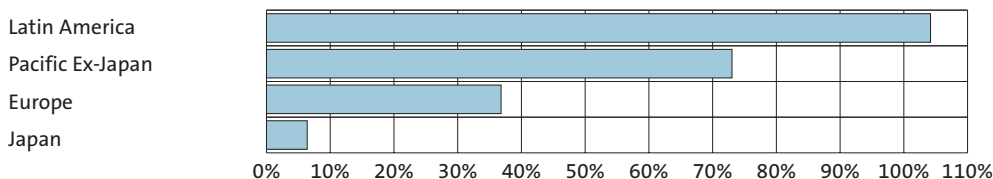
Index Returns

For the 12 Months Ended December 31, 2009

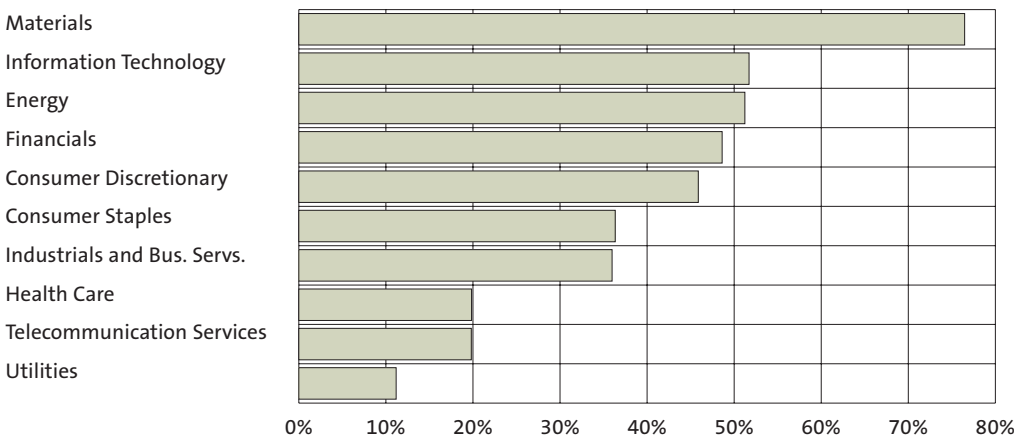
Growth and Value Performance¹



Regional Performance²



International Sector Performance^{2,3}



¹ Returns based on S&P/Citigroup PMI ex-U.S. Growth and Value Indices.

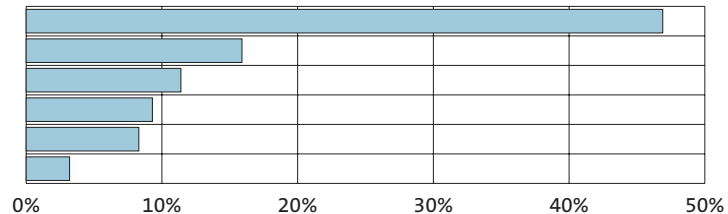
² Returns based on MSCI Indices.

³ T. Rowe Price uses the MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. Effective September 1 of each year, MSCI and S&P make changes to the GICS structure. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

Portfolio Weights

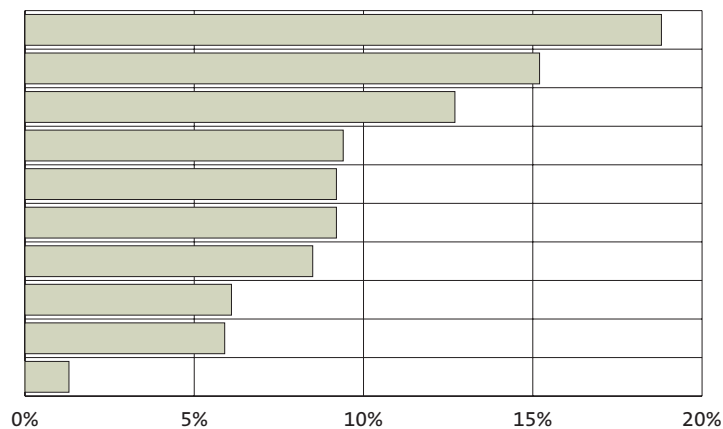
By Region

Europe
Pacific Ex-Japan
Japan
North America
Latin America
Middle East and Africa



By Sector³

Financials
Consumer Staples
Consumer Discretionary
Information Technology
Energy
Industrials and Business Services
Health Care
Telecommunication Services
Materials
Utilities



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TOP TEN HOLDINGS

AXA Insurance, France
Banco Santander Commercial Banks, Spain
BP Oil, Gas and Consumable Fuels, United Kingdom
Fresenius SE Health Care Equipment and Supplies, Germany
Itau Unibanco Holding Commercial Banks, Brazil
Jupiter Telecommunications Media, Japan
Nestle Food Products, Switzerland
Roche Pharmaceuticals, Switzerland
Shoppers Drug Mart Food and Staples Retailing, Canada
Telefonica Diversified Telecommunication Services, Spain

Key Statistics

December 31, 2009	International Stock Fund	MSCI AC World ex USA Index
Number of Holdings	119	1,790
Investment Weighted Median Market Cap (\$mm)	\$23,591	\$29,475
Price to Earnings (Current Fiscal Year) ¹	16.6X	15.5X
Top 20 Holdings as Percent of Total	30.6%	16.9%
Return on Equity (Current Fiscal Year) ¹	14.7%	11.5%
Percent of Portfolio in Cash	3.7%	N/A
Five Years Ended December 31, 2009	International Stock Fund	MSCI AC World ex USA Index
Standard Deviation	22.16%	20.90%
Beta	1.05	1.00
Alpha	-1.69%	0.00%
Sharpe Ratio	0.07	0.16
Information Ratio	-0.49	0.00

¹Investment weighted median

Figures are calculated using monthly data and are net of fees.

Funds that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. The fund's share price will fluctuate with changes in market, political, economic, and foreign currency exchange conditions.

T. Rowe Price Investment Services, Inc. Distributor.

Top ten holdings represent 17.9% of the fund as of December 31, 2009.

90673 (12/2009)