

MARKET COMMENTARY

International stock markets lost momentum and posted mixed results in June. Concerns that the global economy remained weak put an end to the vigorous three-month rally that began in mid-March, and improving credit market conditions did little to lift global equities. A gloomy World Bank report issued in the middle of the month deflated optimistic expectations that the worst of the recession was over. Most of Europe's stock markets posted losses, but Asian markets had slightly stronger results.

Among the developed markets, a few sectors were able to advance. Telecommunication services, consumer staples, and health care rose, while energy, materials, and utilities declined. Growth and value stocks were essentially flat for the month, but growth was able to outperform. After several months of sizeable gains, small stocks were able to only register a slight gain.

Except for Spain and Denmark, other European markets retreated amid fears that the region remains in the grip of recession despite other signs that a weak recovery may be underway. Japanese stocks had another month of gains, rising slightly encouraged by signs that the worst of the economic downturn may be over. Other developed Asian markets advanced smartly, with Australia and New Zealand far outpacing other Pacific Rim markets.

Portfolio Performance

Periods Ended June 30, 2009

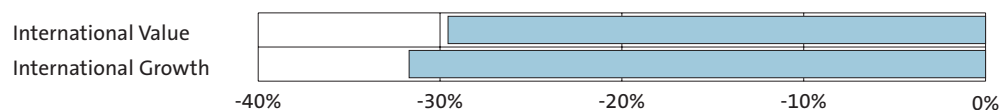
	Expense Ratio	One Month	Three Months	Year-to-Date	One Year	Annualized			
						Three Years	Five Years	Ten Years	
International Stock Fund	0.87%	0.39%	32.64%	21.18%	-29.94%	-6.36%	2.11%	0.12%	
MSCI AC World ex U.S.A. Index	—	-1.07	27.94	14.35	-30.54	-5.35	4.95	2.94	
MSCI EAFE Index	—	-0.54	25.85	8.42	-30.96	-7.51	2.79	1.59	

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.

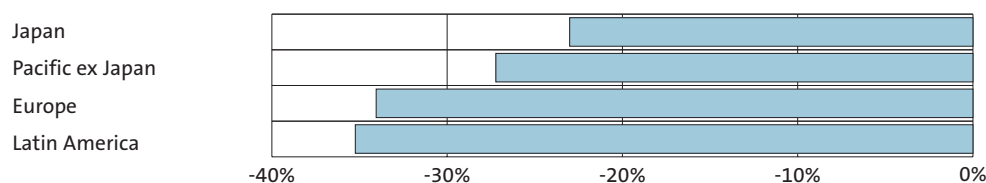
Index Returns

For the 12 Months Ended June 30, 2009

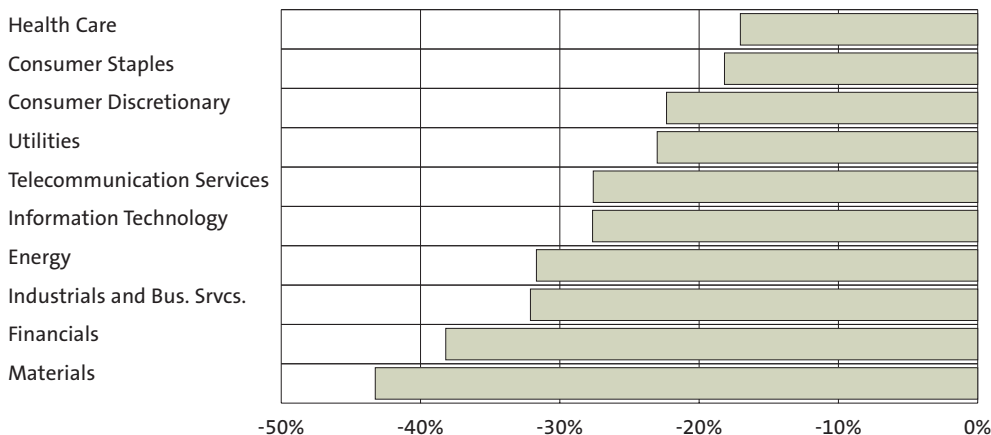
Growth and Value Performance¹



Regional Performance²



International Sector Performance^{2,3}



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

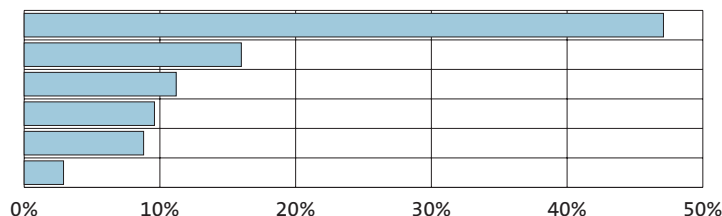
² Returns based on MSCI Indices.

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

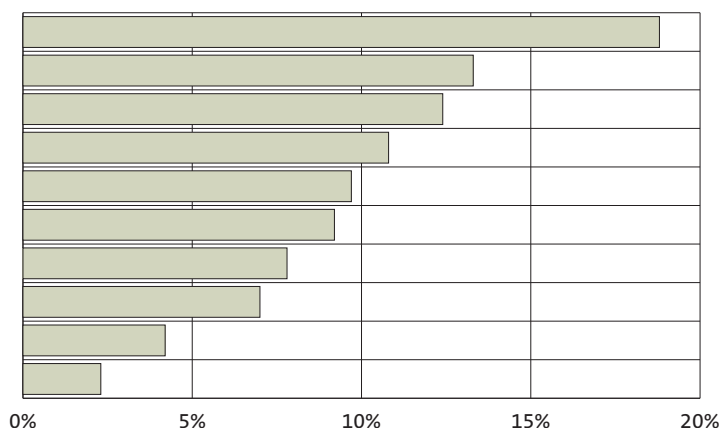
By Region

Europe
Pacific ex Japan
Japan
North America
Latin America
Middle East and Africa



By Sector³

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



TOP TEN HOLDINGS

America Movil Wireless Telecommunication Services, Mexico
Anheuser-Busch InBev Beverages, Belgium
Banco Santander Commercial Banks, Spain
Capita Group Professional Services, United Kingdom
Julius Baer Holding Capital Markets, Switzerland
Nestle Food Products, Switzerland
Petroleo Brasileiro Oil, Gas, and Consumable Fuels, Brazil
Roche Holding Pharmaceuticals, Switzerland
Telefonica Diversified Telecommunication Services, Spain
Total Oil, Gas, and Consumable Fuels, France

Key Statistics

June 30, 2009	International Stock Fund	MSCI AC World ex U.S.A. Index
Number of Holdings	124	1,766
Investment Weighted Median Market Cap (\$mm)	\$19,286	24,777
Price to Earnings (Current Fiscal Year) ¹	13.8X	12.8X
Top 20 Holdings as Percent of Total	30.8%	16.8%
Return on Equity (Current Fiscal Year) ¹	16.3%	14.2%
Percent of Portfolio in Cash	4.5%	N/A
Five Years Ended June 30, 2009	International Stock Fund	MSCI AC World ex U.S.A. Index
Standard Deviation	21.84%	20.68%
Beta	1.04	1.00
Alpha	-2.62%	0.00%
Sharpe Ratio	-0.04	0.09
Information Ratio	-0.76	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 17.7% of the fund as of June 30, 2009.

7/2009 (85709)