

EQUITY INCOME FUND

Quarterly Fund Update as of 9/30/2011

OBJECTIVE

The fund seeks to provide a relatively conservative way to access substantial dividend income and long-term capital growth. In pursuit of its goal, the fund invests in common stocks of established companies expected to pay above-average dividends.

Not FDIC-insured. May lose value. No bank guarantee.

INVESTMENT STRATEGY

- Employ a value-oriented investment approach.
- Focus on companies with an above-average dividend yield—always a positive component of total return.
- Utilize a thorough “bottom-up” fundamental research evaluation of each holding.
- Broadly diversify sector exposure to minimize volatility.

BENEFITS AND RISKS

- Focus on above-average yielding value stocks:
 - Provide a relatively steady source of return
 - Can enhance return potential over time through reinvesting and compounding
 - Reduce fund volatility
- By investing in common stocks, the fund is subject to declines in stock prices.

INVESTOR PROFILE

- For investors with a long-term horizon seeking a:
 - Value-oriented, lower-risk approach to long-term capital appreciation
 - Core holding for the equity portion of a portfolio

INVESTMENT STYLE

Large Value

FUND MANAGEMENT



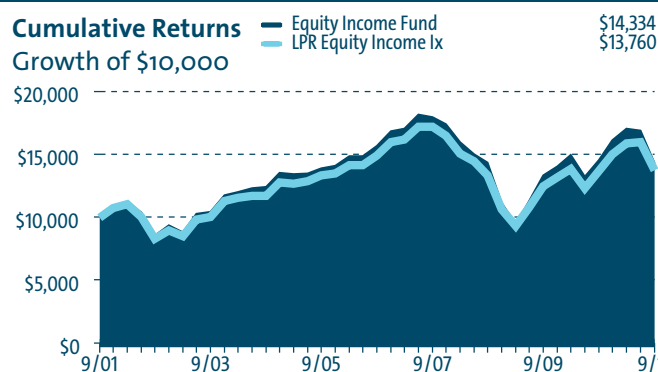
Brian C. Rogers is chairman of the Board and chief investment officer of T. Rowe Price Group, Inc. He manages major institutional portfolios and serves as chairman of the Investment Advisory Committee for the Equity Income Fund. His other responsibilities include serving on the U.S. Equity, Fixed Income, International Equity, and Asset Allocation Steering Committees. Prior to joining the firm in 1982, Mr. Rogers was employed by Bankers Trust Company. He earned an A.B. from Harvard College and a M.B.A. from Harvard Business School.

KEY FUND DATA

Symbol:	PRFDX	
CUSIP:	779547108	
Sales Charge:	None	
Redemption Fee:	None	
12b-1 Fee:	None	
Assets (millions): ¹	\$19,385.4	
Inception Date:	October 31, 1985	
Expense Ratio: ²	Gross 0.70%	Net 0.69%
Lipper Equity Income Funds Average Expense Ratio: ³	1.33%	
Fund Manager Tenure: ⁴	25 years	
Morningstar Large Value Category Average:	6 years	
Portfolio Holdings Turnover:	16%	
Morningstar Large Value Category Average:	56%	

- ¹ Applies to all share classes.
- ² As of 12/31/2010. The fund's net expense ratio reflects a credit received from investing in other T. Rowe Price funds. The fund will always receive a credit if it invests in other T. Rowe Price funds but the credit will vary each year based on the amount invested.
- ³ Lipper expenses are based on fiscal year-end data available as of September 30, 2011.
- ⁴ Number of years managing the fund.

RETURNS



Average Annual Returns

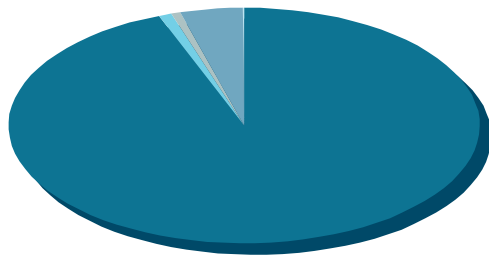
	Equity Income Fund	LPR Equity Income Ix
3 Months	-15.34%	-14.04%
Year-to-Date	-11.40	-8.53
1 Year	-1.68	0.27
3 Years	-0.07	0.96
5 Years	-1.79	-1.64
10 Years	3.67	3.24

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. The performance information shown does not reflect the deduction of any redemption fee; if it did, the performance would be lower. To obtain the most recent month-end performance, please visit our website or contact a T. Rowe Price representative at 1-800-225-5132.

Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. Periods less than one year are not annualized.

EQUITY INCOME FUND

ASSET ALLOCATION



■ 94.1% Equities	■ 0.9% Bonds
■ 0.6% Convertibles	■ 4.3% Cash
■ 0.1% Other	

SECTOR DIVERSIFICATION

Financials	17.6%
Consumer Discretionary	13.9
Energy	12.5
Industrials & Business Services	12.4
Utilities	8.8
Consumer Staples	7.8
Information Technology	6.1
Health Care	6.1
Materials	5.1
Telecommunication Services	4.4

PORTFOLIO CHARACTERISTICS

	Fund	S&P 500 Index
Earnings Growth*† (Five-Year Estimate)	9.9%	11.0%
Price to Earnings*† (12 Months forward)	10.8x	11.6x
Price to Book*	1.6x	2.4x
Return on Equity*† (Last 12 Months)	17.7%	19.9%
Investment-Weighted Median Market Cap (Millions)	\$27,822	\$45,173

*Investment Weighted Median

†Statistic is based on the companies in the fund's portfolio and is not a projection of future fund performance.

RISK MEASURES (FIVE YEARS)

	Fund	S&P 500 Index
Annualized Std. Deviation	19.50%	18.17%
Beta	1.05	1.00
Alpha	-0.30%	0.00%
Sharpe Ratio	-0.17	-0.15
Information Ratio	-0.10	0.00
R-squared	0.97	1.00
Tracking Error	3.74%	0.00%

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

TOP 10 HOLDINGS

Chevron <i>Oil, Gas & Consumable Fuels</i>	2.8%
General Electric <i>Industrial Conglomerates</i>	2.4
JPMorgan Chase <i>Diversified Financial Services</i>	2.3
Exxon Mobil <i>Oil, Gas & Consumable Fuels</i>	2.3
American Express <i>Consumer Finance</i>	2.0
AT&T <i>Diversified Telecom Services</i>	1.9
Royal Dutch Shell <i>Oil, Gas & Consumable Fuels</i>	1.8
Wells Fargo <i>Commercial Banks</i>	1.6
Johnson & Johnson <i>Pharmaceuticals</i>	1.5
US Bancorp <i>Commercial Banks</i>	1.5
Percent of Total Net Assets	20.1%
Total Portfolio Holdings	121

Source for all industry classifications: Standard & Poor's.

The information shown does not reflect any ETFs that may be held in the portfolio.

About T. Rowe Price

- Founded in 1937
- Commitment to fundamental in-house research with 191 dedicated analysts
- Portfolio managers have an average tenure of 15 years with the company
- Strict adherence to investment style
- Solid performance with a risk-aware investment approach
- Experienced in international investing with offices in London, Hong Kong, Singapore, Buenos Aires, and Baltimore

Definitions

Alpha — The premium an investment earned above a set benchmark, adjusted for risk. An alpha of 1.0 means a fund has outperformed its benchmark on a risk adjusted basis by 1%. A negative alpha of 1.0 means a fund has underperformed its benchmark on a risk adjusted basis by 1%.

Annualized Standard Deviation — This indicates the volatility of a portfolio's total returns as measured against its mean performance. Unlike alpha and beta, which are relative to a benchmark index, standard deviation is an absolute measure. In general, the higher the standard deviation, the greater the volatility or risk.

Beta — A measure of market risk of an investment option that shows how responsive the investment is to a given market index, such as the Standard & Poor's 500 Index. By definition, the beta of the benchmark is 1.00. An investment with a beta of 1.10 is expected to perform 10% better than the index in up markets and 10% worse in down markets. Usually, higher betas represent riskier investments.

Information Ratio — A measure of the significance or quality of alpha. A larger number is better — either a very strong alpha score or a consistent alpha with low standard deviation.

R-squared — Measures the percentage of a fund's movement that is explained by movements in the benchmark index. R-squared helps to indicate the accuracy of a fund's alpha and beta.

Sharpe Ratio — A measure of the risk-adjusted return of a portfolio. Generally, the larger the number, the better the portfolio's historical risk-adjusted return.

Tracking Error — The standard deviation of monthly excess returns of the portfolio over the benchmark.

Earnings Growth — A company's expected earnings per share growth rate for a given time period based on the forecast from the Institutional Broker's Estimate System, which is commonly referred to as IBES.

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

Price to Earnings — The price-to-earnings ratio shows the "multiple" of earnings at which a stock is selling. It is calculated by dividing a stock's current price by its current earnings per share. A high multiple means that investors are optimistic about future growth and have bid up the stock's price.

Return on Equity — A measure of how well a company used reinvested earnings to generate additional earnings, equal to a fiscal year's after-tax income (after preferred stock dividends but before common stock dividends) divided by shareholders' equity.

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