



T. Rowe Price Capital Appreciation Fund Extends Unmatched Industry Streak

Flexible Fund has Outperformed S&P 500 with Lower Market Volatility

BALTIMORE (February 14, 2006) – The T. Rowe Price Capital Appreciation Fund once again posted a positive return in 2005, making it the only domestic equity or balanced fund among 1,056 funds tracked by Morningstar to provide a gain for each of the past 15 years.

Moreover, during this 15-year period ended December 31, 2005, the Fund outperformed the S&P 500 stock index with an annualized return of 13.05% compared with 11.52% for the index. The Fund, which invests in stocks, bonds, cash, foreign securities, futures and options and convertible securities, has also outperformed the broader market index since its inception June 30, 1986 and on average has had lower volatility than the index as measured by standard deviation. It has had only one year of negative returns since inception. Of course, past performance cannot guarantee future results and the fund is subject to market risk, including the possible loss of principal.

“Our goal is to achieve equity like returns over the longer term with substantially lower volatility than the stock market index,” says Stephen Boesel, manager of the Fund. “We look at risk as closely as we look at potential return, while many equity investors primarily focus on return. We win by not losing.”

Mr. Boesel added that the fund has a very low turnover rate compared with other stock funds, a long-term value orientation, and a preference for stocks with attractive yields. The fund typically invests 60% to 65% of its assets in stocks and the remaining in convertibles, bonds, cash, and foreign securities. “Being patient and having low turnover is an important part of our strategy. And to accomplish what we want to achieve you have to be a contrarian thinker,” Mr. Boesel says.

The Capital Appreciation Fund has an Overall Morningstar Rating™ of 5 stars for its risk-adjusted performance. Morningstar rated this fund among 868 moderate allocation funds for the overall rating. For the 3-, 5-, and 10-year periods (as applicable) ended 12/31/05, the fund was rated among 868, 664, and 296 funds, respectively. The Overall Morningstar Rating™ is derived from a weighted average of the performance figures associated with a fund's 3-, 5-, and 10-year (if applicable) Morningstar Rating™ metrics.

The fund had annualized returns of 6.85%, 11.37% and 12.40% for the 1-, 5-, and 10-year periods ended December 31, 2005, respectively. Figures include changes in principal value, reinvested dividends, and capital gain distributions.

Founded in 1937, Baltimore-based T. Rowe Price (Nasdaq: TROW) is a global investment management firm with \$269.5 billion in assets under management as of December 31, 2005. The firm provides a broad array of mutual funds, sub-advisory services, and separate account management for individual and institutional investors, financial intermediaries, and retirement plans. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research.

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. To obtain 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 1-800-638-5660 or go to www.troweprice.com.

T. Rowe Price Investment Services, Inc., distributor.

* For funds with at least a 3-year history, a Morningstar Rating™ is based on a risk-adjusted return measure (including the effects of sales charges, loads, and redemption fees) with emphasis on downward variations and consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. Each share class is counted as a fraction of one fund within this scale and rated separately. Morningstar Ratings™ are for the retail share classes only; other classes may have different performance characteristics. The fund received 5 stars for the 3-, 5-, and 10-year periods, respectively. © 2005 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.