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October 20, 2006

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-9303

Re: Executive Compensation and Related Party Disclosure
File No. S7-03-06

Dear Ms. Morris:

We are writing on behalf of T. Rowe Price Associates, Inc. (**"T. Rowe Price"**) to oppose the Commission's proposal to require a public company to disclose the compensation information for the up to three additional highly compensated employees.

T. Rowe Price, as investment adviser to the T. Rowe Price funds and other institutional clients, strongly supported the Commission's proposed executive compensation disclosure requirements from the standpoint of an investor in the equity securities of over 3,500 publicly-traded companies. T. Rowe Price and its affiliates serve as investment adviser to more than 450 separate and commingled institutional accounts and more than 90 stock, bond, and money market funds. As of June 30, 2006, T. Rowe Price had $293.7 billion under management, including $183.2 billion in the T. Rowe Price funds. While T. Rowe Price employs many types of investment styles in managing mutual funds and institutional portfolios, we are known primarily for our commitment to fundamental research.

When we invest our clients' assets in a portfolio company, part of our fundamental analysis involves an assessment of the company's management, including their compensation. In analyzing executive compensation, T. Rowe Price's goal is to assure that a company's compensation structure is aligned with shareholders' long-term interests. While we evaluate executive compensation on a case-by-case basis, T. Rowe Price generally opposes compensation packages that provide what we view as excessive awards to a few senior executives or that contain excessively dilutive stock option plans. When voting on equity-based plans, T. Rowe Price bases its review on criteria such as the costs associated with the plan, plan features, dilution to shareholders and comparability to plans in the company's peer group. In many respects, the recently adopted disclosure rules regarding executive compensation will make it easier for our analysts and portfolio managers to review and assess executive compensation packages in making their investment and proxy voting decisions.

T.RowePrice
INVEST WITH CONFIDENCE

The Commission is reproposing the requirement for public companies to disclose the job descriptions and total compensation received by up to three additional employees if such employees (1) have "responsibility for significant policy decisions" within the company, a significant subsidiary or a principal business unit, division, or function of the company; and (2) such employees' compensation is greater than that of any of the company's five named executive officers (the **"Proposal"**). The reason for the disclosure according to the Commission is to "assist in placing in context and permit a better understanding of the compensation structure of the [company's] named executive officers and directors." We believe the information required by the Proposal is immaterial to investors, overbroad in its scope, and will adversely impact the competitive position of publicly-traded investment management firms.

The information required by the Proposal is immaterial to investors.

We believe the Proposal will provide no benefits to investors since the compensation of these non-executive employees is likely to be structured differently, and based upon other factors, than the compensation of the named executive officers. For example, their compensation could be market-driven or determined by reference to specific job performance metrics such as sales commissions or the profitability of a company's key division. The fact that an employee's pay may exceed that of a senior executive in the same company does not provide any meaningful context to the executive's compensation since it is based on the company's operating results, financial condition, and other factors. Rather, it is the compensation structure and incentives of executives in comparable companies that is relevant to the analysis and provides the proper context for evaluation of a company's executive pay program. Also, the identities of these individuals would likely change from year-to-year based on the metrics used to determine their compensation (i.e, amount of sales made or commissions earned) so this makes the information even more irrelevant to a long-term investor. As shareholders, executive pay and the equity incentives paid out to employees are the relevant data points -- not the compensation of the firm's top salesman or investment banker. As part of analyzing a company as a potential investment for our mutual funds and other clients, we normally speak with its management. In so doing, we do not seek out the information that the proposal would provide. This may be the best evidence that we do not regard the information as material.

The Proposal is overbroad and its requirements are unclear.

In response to commenters, the Commission attempted to limit the Proposal's scope by applying its disclosure requirements only to employees with "responsibility for significant policy decisions." The Commission offers little guidance as to what this means. With respect to investment professionals, the Commission offered the following guidance:

"Nor as a general matter, would investment professionals (such as a trader, or a portfolio manager for an investment adviser who is responsible for one or more mutual funds or clients) be deemed to have responsibility for policy decisions at a company...simply as a result of performing the duties associated with those positions. *On the other hand, an investment professional, such as a trader or portfolio manager, who does have broader duties within such a firm (such as, for example, oversight of all equity funds for an investment adviser) may be considered to have responsibility for significant policy decisions.*"

At T. Rowe Price, portfolio managers serve on various oversight committees within the firm with responsibilities for risk management, investment policy, and compliance with regulatory requirements. They may also be responsible for monitoring investment performance and vetting new investment strategies or products. While these responsibilities involve the exercise of strategic or managerial duties and relate to significant *business or operating* policies at the firm, they may not be significant for investors from a corporate governance perspective. Yet, the standard in the Proposal does not recognize this important distinction. The result for T. Rowe Price and other publicly-held asset managers is that any non-executive professional with investment oversight responsibilities is potentially subject to being identified in public filings as a highly compensated employee. This cannot be the Commission's intended result.

T. Rowe Price, like other public companies, must already determine whether a person or an "officer" who performs a significant "policy-making function" is required to file ownership reports with the Commission under Section 16 of the Securities Exchange Act of 1934. If the Proposal is adopted, companies will have to apply what appears to be a broader "policy decision-making" standard to its employees to determine if any would fall within its disclosure requirements. This would be burdensome and not justified in light of the lack of benefits to investors as explained above. As an alternative to the Proposal, we suggest that the Commission adopt the Section 16 standard and apply it to the Proposal, such that disclosure would be required of the compensation of up to three additional officers required to file Section 16 reports if their compensation exceeds all of the five named executive officers. As significant policy-makers, the Commission has determined that their beneficial ownership of a company's equity securities is material to investors so it would seem logical to apply the Proposal to these officers as well.

The Proposal has significant anti-competitive effects.

Much has been said about the anti-competitive effects of the Proposal by commenters. We operate in a highly competitive business in which a firm's most valued assets are its people. As a publicly-traded investment management firm, we have legitimate concerns that hedge funds and other private competitors (who are not subject to the disclosure requirements of the Proposal) will know the compensation of our highest paid investment professionals and use this information to our disadvantage. While these non-executive employees will not be identified by name, it will be easy to discern who they are based on the position descriptions of such employees. This will make it easier for competitors to target and hire away our top-performing investment professionals. It will make it more difficult and costly for T. Rowe Price and other publicly-traded asset managers to attract and retain investment professionals, to the detriment of our fund shareholders and clients. Further, we believe the disclosure Requirement will adversely impact firms in the financial services sector to a greater degree than companies in other sectors, while providing no value to investors.

We appreciate the opportunity to comment on the Proposal and strongly urge the Commission not to pursue it for the reasons stated above. Please feel free to contact us if you have any questions or need additional information.

Sincerely,

Henry H. Hopkins
Chief Legal Counsel

Darrell N. Braman
Associate Legal Counsel

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