Mr. Jonathan G. Katz
Secretary
U. S. Securities and Exchange Commission
450 Fifth Street, N. W.
Washington, D. C. 20549-0609

April 26, 2004

Re: Disclosure Regarding Approval of Investment Advisory Contracts by Directors of Investment Companies (File No. S-7-08-04) ("**Proposal**")

Dear Mr. Katz:

We are writing on behalf of T. Rowe Price Associates, Inc. and T. Rowe Price International, Inc. (collectively, "**T. Rowe Price**"), investment advisers to the T. Rowe Price family of mutual funds ("**Price Funds**"). As of December 31, 2003, the Price Funds comprised over 100 funds with approximately $120 billion in assets. As such, the Proposal is of great interest to us.

In general, we support the comments of the Investment Company Institute in its April 26, 2004 letter. However, we do have some specific concerns that we wish to bring to your attention.

We believe it is very important that the new proposed disclosure concerning the deliberative process engaged in by mutual fund boards of directors in reviewing and approving advisory contracts not be required to be in shareholder reports. Our experience indicates that shareholder reports are of great interest to shareholders for the simple reason that they provide a concise, user-friendly summary of the performance of the fund over the reporting period.

The Commission recently adopted significant rule amendments designed to enhance the ability of fund companies to communicate more effectively in their shareholder reports. In the release adopting the final rule amendments, the Commission stated "[w]e believe that today's amendments and new rules will make these reports more effective vehicles for communicating information to investors." Can the Commission make the same claim about the new disclosures that would be required by the Proposal?

Reporting detailed information regarding the factors a board considered and the conclusions it reached in connection with the renewal of fund advisory contracts is simply not the type of information that is of interest to the overwhelming majority of shareholders. In proposing this new disclosure mandate, the Commission has not established any factual basis that shareholders are interested in the deliberative process associated with advisory contract approvals. Given the requirements of the Proposal and the highly legalistic requirements with respect to the approval of advisory contracts, the Proposal will undoubtedly elicit lengthy and highly technical disclosure. This will be of great interest to plaintiffs' attorneys but the Commission has absolutely no evidence that

it will be of any interest to shareholders. From our assessment of the Proposal's requirements, it is likely that the disclosure will be comparable in length to the management discussion of fund performance required in shareholder reports. This will dilute the effectiveness of shareholder reports by filling them with lengthy, legalistic and technical information that is of little interest to the average shareholder who simply wants an explanation of the fund's performance. If the Commission believes such disclosure is required, at most, it should be limited to a simple statement in the shareholder reports that information concerning the deliberative process of approving the investment advisory contract is available in the SAI or prospectus. Put simply, the required disclosure set forth in the Proposal has no place in the shareholder report.

Another problem with locating the required disclosure in the shareholder reports is that the information in the reports must be certified as set forth in Form N-CSR. The independent directors of the Price Funds meet in executive session to consider whether or not to approve the investment advisory agreements for the Price Funds each year. While T. Rowe Price supplies the independent directors with the information used in their review, T. Rowe Price is not privy to the deliberative process of the independent directors. The specificity of the required factors in the Proposal would require disclosure over matters that are reported second-hand to T. Rowe Price. T. Rowe Price can not require the independent directors to report on any specific factor or to make any specific conclusion. Nevertheless, under the requirements of N-CSR, the CEO and CFO of the Price Funds, who also happen to be T. Rowe Price officers, would be required to certify, under penalty of perjury, the information in the shareholder reports regarding approval of the investment advisory contracts. This places these officers in an impossible position of certifying to matters to which they have no direct knowledge. [1]

We believe the Commission can accomplish the primary goals of the Proposal by requiring the required disclosure in the SAI and proxy statements. If additional disclosure is needed, the prospectus would be an appropriate place since it is provided to investors at or before the time they make their investment decision. Requiring the disclosure in these various documents will shine adequate light on the deliberative process associated with investment advisory contract approvals. While proxy disclosure will be infrequent, disclosure in the SAI, as well as the prospectus if necessary, will enable interested persons to stay current with the annual contract renewal process. Members of the financial press, regulators, legislators, critics of the industry, plaintiffs' lawyers and other interested persons, including the small number of shareholders actually interested in this information, will all have ready access to the required disclosure. Shareholder report disclosure is simply not needed.

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[1] A similar criticism could be made with respect to disclosure now required under item 13(b)(10) of Form N-1A which requires SAI disclosure of the "material factors and conclusions with respect thereto that formed the basis for the board of directors approving the existing investment advisory contract." The SAI is part of a fund's registration statement which is signed by all directors, inside and independent, as well as certain officers. In the case of the Price Funds, the disclosure under item 13(b)(10) has been drafted primarily by counsel to the independent directors and the funds. It would not be appropriate to have a similar process with respect to disclosure in the shareholder reports subject to the certification requirements of N-CSR.

We appreciate the opportunity to comment on this important Proposal. Should you have any questions on our letter, please feel free to contract us at 410 345-6640, Henry Hopkins, or 410 345-6601, Forrest Foss.

Sincerely,

Henry H. Hopkins Forrest R. Foss