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Capital Research and ManagementSM

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Michael J. Downer
Senior Vice President
Fund Business Management Group



April 26, 2004

Mr. Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 5th Street, N.W.
Washington, DC 20549-0609

Re: File No. S7-03-04, Investment Company Governance, Release No. IC-26323 ("Release")

Dear Mr. Katz:

I am writing with respect to the proposed independent chairman requirement detailed in the above-referenced Release. We believe that fund boards should continue to be permitted to elect the chairpersons of their choosing, regardless of their affiliation with the adviser.

Notwithstanding our position, if the Commission adopts an independent chairman requirement, we believe the attached alternative option should be adopted as well. I understand that Mr. Eric D. Roiter of Fidelity Management and Research Company met with Commissioner Goldschmid on April 9, 2004 and presented him with the attached alternative to the proposed independent chairman requirement. This alternative would permit a mutual fund board to adopt certain corporate governance safeguards in lieu of an independent chairman. We believe that this alternative suggested by Fidelity Management and Research Company is reasonable and sound and, if adopted, would be seriously considered by our fund boards.

We appreciate the opportunity to comment on the above Release.

Sincerely,

A handwritten signature in black ink that reads "Michael Downer".

Michael J. Downer

cc: Hon. William H. Donaldson
Chairman of the Securities and Exchange Commission

Hon. Paul Atkins
Commissioner

Hon. Roel Campos
Commissioner

Hon. Cynthia A. Glassman
Commissioner

Hon. Harvey Goldschmid
Commissioner

bcc: Eric D. Roiter (Fidelity Investments)
Heidi Stam (Vanguard)
Henry Hopkins (T Rowe)

April 9, 2004

Alternative to Independent Chairman Requirement

The board of directors of a fund shall be exempt from a requirement that its chairman be an independent director provided that:

1. The independent directors designate a Lead Independent Director;
2. Each committee of the board
 - a. is chaired by an independent director who has authority to set the agenda of the committee, preside over the committee's meetings, and obtain from the adviser or any affiliate of the adviser information relevant to the matters subject to the oversight or responsibilities of the committee,
 - b. has a 75% majority of independent directors,
 - c. meets in executive session at least quarterly, and
 - d. prepares and keeps minutes of each meeting in sufficient detail to memorialize the deliberations of the committee and all formal actions taken by and recommendations of the committee;
3. The board of the fund
 - a. delegates every matter requiring board action to an appropriate committee of the board,
 - b. takes action on any matter only if the appropriate committee of the board has deliberated upon such matter and has made a formal recommendation to the board. This requirement includes, but is not limited to, action by the board to approve or renew any management contract, principal underwriting agreement or any other contract between (i) the fund and (ii) the fund's adviser or any affiliate of the adviser, and
 - c. prepares and keeps minutes of each meeting in sufficient detail to memorialize the deliberations of the board and all formal actions taken by the board;
4. Independent directors have sole authority to approve the agenda for every board meeting, including the authority to add any matter to the agenda;
5. The board and the independent directors, by separate vote, elect the board chairman annually; and
6. Independent directors have sole authority to set their own compensation.