May 21, 2004

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

Re: Disclosure Regarding Mutual Fund Portfolio Manger Compensation (File No. S7-12-04) ("**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 well as other third-party registered investment companies and separately managed institutional accounts. As of March 31, 2004, the Price Funds comprised over 100 funds with approximately $125 billion in assets and T. Rowe Price's assets under management were approximately $190 billion. As such, the Proposal is of great interest to us, shareholders of the Price Funds and other clients.

Funds and Accounts that the Portfolio Manager Does Not Manage

The Proposal's requirement to disclose ownership by a portfolio manager and his or her immediate family of any securities in mutual funds and other accounts that the portfolio manager does not manage is unnecessary to achieve the stated purpose of the Proposal. We strongly recommend that the Commission not adopt this provision of the Proposal.

As set forth in the Proposal, the Commission stated that the primary reason for this part of the Proposal is that some "have suggested that disclosure of a portfolio manager's holdings in a fund would provide a strong signal of his or her alignment with the interest of fund shareholders. They argue, for example, that portfolio managers may have a greater incentive to keep management fees low and to consider the tax consequences of their trading activity if they themselves are invested in the fund they manage. These advocates also claim that disclosure of fund ownership could provide investors with insight into the level of confidence that a manager has in the investment strategy of the fund." Obviously, all of these rationales do not apply with respect to a portfolio manager's investments in funds and accounts she does not manage. Accordingly, the principal purpose of this section of the Proposal can be fully accomplished without the unrelated fund/account disclosure.

The Proposal also states that the other fund/account disclosure "could assist fund investors in assessing potential conflicts of interest between their interests and the interests of other clients or investment vehicles in which the manager has an interest." Since the justification is stated in terms of "could assist," it is especially important to examine this rationale carefully in light of the major invasion of privacy that would result from making such disclosures. We believe this part of the Proposal is overbroad and unnecessary for the protection of fund shareholders.

First, the conflict of interest issue is addressed by other provisions of the Proposal and we are supportive of requiring disclosure of material conflicts of interest to which a portfolio manager may be subject. For example, a portfolio manager who manages a hedge fund and a mutual fund may have conflicts of interest that should be disclosed. And, if such a manager had significant investments in the hedge fund and much smaller investments in the mutual fund, we believe the proposed rule requiring disclosure of any conflicts of interest that may arise in connection with the portfolio manager's management of the mutual fund would trigger disclosure of the manager's investments in each entity, or at least the fact that the manager has significant investments in other accounts that could influence the portfolio manager's decision-making.

Second, there is simply no conflict of interest in the overwhelming majority of cases in which a portfolio manager manages one mutual fund in a complex and invests in other mutual funds within the complex. For example, the manager of a tax-free fund may have investments in taxable equity or bond funds. The manger of an equity fund who is nearing retirement may have investments in bond funds. The manager of a domestic equity fund may have investments in international funds. Where is the conflict in these situations and what would be material about disclosing all this information? Of course, a domestic equity fund manager may have investments in another domestic equity fund. Often, the two funds' investment programs do not overlap, so again, there would be no conflict. In the few cases in which the portfolio manager of Fund A purchases shares of Fund B, which may invest in securities owned by Fund A, the only potential conflict relates to the allocation of investment opportunities. Such conflicts are already addressed by required written procedures for the allocation of investments among various clients.

The lack of a material conflict of interest can be illustrated by examining the T. Rowe Price family of funds. T. Rowe Price does not manage hedge funds or similar vehicles and does not manage any proprietary accounts. Any conflicts among funds or clients investing in the same security are completely manageable and do not present any issues that would arise to a level of materiality. As a result, in our case, and in similar situations throughout the industry, there is no material conflict for the portfolio manager to disclose. Thus, the conflicts rationale does not justify a requirement for portfolio managers to disclose their investments in funds and accounts they do not manage. Such disclosure would not advance the conflicts of interest rationale of the Proposal.

Net Worth Disclosure

The Commission has also requested comment on whether a fund should be required to disclose the percentage of a portfolio manager's net worth that is invested in the securities of a fund or other accounts of the adviser. We strongly object to any such disclosure. The proposed requirement to disclose the amount of the portfolio manager's investment in the fund he or she manages along with the disclosures with respect to the portfolio manager's compensation structure should adequately apprise investors of whether the manager's incentives and the interests of fund shareholders are adequately aligned. Public disclosure of an individual's net worth is, as far as we can tell, reserved for certain publicly elected officials. Such disclosure would be contrary to fundamental principles of privacy and a very unfortunate precedent. Finally, we are concerned that if disclosure of this nature is required, it is just another reason for talented investment professionals to leave us for hedge funds and other investment firms that would not be subject to the same unfair disclosure regime.

Funds with Multiple Managers

The Proposal's requirement to provide all the biographical information and disclosure about compensation, investments, and conflicts for funds managed by a team of persons is impractical in certain cases. We understand and support the Commission's desire to ensure that the requirements of portfolio manager disclosure not be avoided where a team of persons manages a particular fund. For example, many of the T. Rowe Price international funds are managed by a group of persons and our prospectuses have for many years disclosed the required biographical information about all the members of these groups. However, we have another fund that is commonly known as a "research fund." It is managed by approximately 35 individual analysts, each with a particular area of responsibility. It would not be very helpful to shareholders and investors to disclose all the information required by the Proposal for each of these 35 persons. This would be overkill, to say the least.

The T. Rowe Price family of mutual funds has only one "research fund." Thus, for the Commission to adopt a different approach to these funds would not undermine the Commission's overall goals as set forth in the Proposal. We suggest that the required disclosures only apply if a person is responsible for managing 20% or more of a fund's assets. In our case, this would result in there not being any of the required disclosures for this particular fund. As of May 15, 2004, only eight of the analysts in this fund managed more than 5% of the fund and no analyst managed 10% or more of the fund. However, we do not believe this consequence should be of concern to the Commission. It is not material to investors to have extensive disclosures about persons who manage relatively small portions of a fund. If it were, presumably the Commission would require disclosure about all persons participating in the management of a fund rather than focusing, and properly so in our view, on the person "primarily responsible for the day-to-day management of the fund."

Date of Disclosure

We believe that registrants should be able to use December 31 as the “as of” date for the required disclosures. This is especially necessary with respect to the disclosure of mutual fund holdings. At T. Rowe Price, we require all portfolio managers to complete a questionnaire annually which elicits a variety of information for disclosure and regulatory purposes. The information is generally dated as of December 31. We would like to be able to utilize the information secured through this annual questionnaire to meet the disclosure requirements mandated in the Proposal. Fiscal year or calendar year disclosure will make no difference to investors but the ability to use a single date for all the required disclosures will greatly simplify the compliance burden of gathering the information. We point out that Item 12(b)(4) of Form N-1A uses a calendar year date for similar disclosure about fund directors.

We appreciate the opportunity to comment on the Proposal. We will be pleased to answer any questions you may have on our letter. You may reach us at 410 345-6640, Henry H. Hopkins, or 410 345-6601, Forrest R. Foss.

Sincerely,

Henry H. Hopkins Forrest R. Foss