

August 3, 2006

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F. Street NE
Washington, DC 20549-1090



Re: File No. S7-03-04

Dear Ms. Morris:

On behalf of the "disinterested" members of the Board of Trustees of the MFS Funds, I am pleased to submit this letter in support of the provisions of Rule 0-1(a)(7) under the Investment Company Act of 1940, as amended, which require, in part, that "disinterested" directors comprise at least 75% of a fund's board and that a fund's board be chaired by a disinterested director (the "Governance Provisions").

By way of background, the Board of Trustees of the MFS Funds has oversight responsibilities for a mutual fund complex comprised of approximately 100 funds having aggregate net assets of approximately \$95 billion as of June 30, 2006. The MFS Funds are advised by Massachusetts Financial Services Company ("MFS"). The Board of the MFS Funds is currently comprised of 12 trustees, 10 of whom (approximately 85%) qualify as "disinterested" (collectively, the "Independent Trustees").

I began my service for the MFS Funds complex as an Independent Trustee in February 1992. At that time, oversight responsibility of the MFS Funds was divided among three boards of trustees. The three boards were consolidated into a single Board of Trustees in January, 2001. When the boards consolidated, the Chairman and Chief Executive Officer of MFS became chair of the consolidated board (continuing the past practice at the three boards), and another Independent Trustee, Mr. Ward Smith, and I became "co-lead" Independent Trustees (also continuing a past practice of the Independent Trustees of the various boards designating a "lead" member). In January, 2004, the Board determined to elect Mr. Smith and me as Co-Lead Chairs of the Trustees,¹ in advance of the Securities and Exchange Commission's (the "Commission") initial promulgation of the rule proposed relating to the Governance Provisions on January 15, 2004.²

Overall, we believe the change to an independent chair (as would be required by the Governance Provisions) has been a significant benefit to the MFS Funds and their shareholders.

¹ I assumed full chairmanship in July, 2004 upon the retirement of Mr. Smith.

² Subsequent to the appointment of Mr. Smith and me as Co-Chairs of the Trustees, MFS entered into a settlement order with the Commission, which required, in part, that MFS use its best efforts to ensure that the Chair of the MFS Funds be an Independent Trustee.

The existence of an independent chair has expanded, in a meaningful way, the influence of the Independent Trustees over Board and committee proceedings. While some of these benefits could also presumably be obtained through having a "lead" independent director rather than an independent chair, the fact that the chair is ultimately responsible for setting board meeting agendas, running meetings and interacting with fund counsel means that an independent chair exercises far greater control over the governance of a fund than does a lead independent director. The Independent Trustees believe that these distinguishing factors strongly favor the use of an independent chair.

At the MFS Funds, Board and committee meeting agendas are initially drafted by MFS, which we believe to be appropriate given that business initiatives are typically proposed by the management company. Once drafted, the agendas are circulated to the Chair of the Trustees, each committee chair (who is also an Independent Trustee) and legal counsel to the Funds and the Independent Trustees to ensure that all trustee issues are placed on one or more of the agendas, allowing the Board to effectively satisfy its general oversight obligations. Subsequent to each Board and/or committee meeting the Independent Trustees generate a "to-do" list that they use to ensure that items of importance to the Independent Trustees are addressed and placed on a subsequent agenda for discussion. All of these practices have enhanced the role of the Independent Trustees in fund governance matters.

The conduct of Board and committee meetings at the MFS Funds has also been positively affected by the existence of an independent chair. As independent chair, I am responsible for running all Board meetings, and the chairs of the various committees, all of whom are also Independent Trustees, are responsible for conducting their respective committee meetings. The tenor and tone of Board and committee meetings reflects the fact that each such meeting is chaired by an Independent Trustee.

With respect to board composition generally, increasing the minimum requirement for disinterested directors on fund boards to 75% has the obvious result of decreasing the relative representation, and therefore the influence, of management on the board. In this sense, the 75% requirement serves a similar purpose as the independent chair requirement, and I believe this has led to more effective oversight of the management of the MFS Funds. The Independent Trustees have comprised more than 75% of the MFS Funds Board for many years. Having the Independent Trustees comprise at least 75% of the MFS Funds Board has permitted the Independent Trustees to allocate workloads more efficiently and equitably, both among the Board as a whole and its various committees, which has proved particularly helpful in light of the ever-increasing responsibilities placed on Independent Trustees under the Investment Company Act of 1940 and the rules promulgated thereunder.

Turning to the topic of costs, we believe that having an Independent Trustee serve as Chair of the Trustees has imposed negligible incremental costs on the Funds and their shareholders. Like most fund complexes, the MFS Funds pay an additional amount for the work done by the Chair.³ In the context of a large fund complex, however, this additional sum has

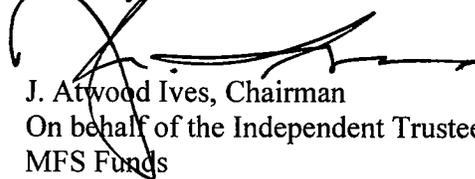
³ Since I began my service as Chair of the Board of Trustees, the work-load associated with the position has occupied, on average, approximately 2 days per week of my time.

proved to be a modest cost when one considers that, in the absence of installing an independent chair, a fund complex would most likely be paying a similar amount to the trustee serving as the "lead" independent trustee. More importantly, this cost is truly marginal when compared to the costs recently incurred by fund groups (including the MFS Funds) to comply with the Commission's rulemaking initiatives in recent years.

As for the costs associated with a 75% independent director requirement, as noted above the Independent Trustees have comprised at least 75% of the MFS Funds Board for many years. As such, the MFS Funds Boards will not be required to incur any additional costs to come into compliance with this aspect of the Governance Provisions.⁴ We would expect that fund complexes for which the independent directors do not currently comprise 75% of the board will incur one-time costs to the extent they are required to align their boards with the Governance Provisions. We believe that such additional costs, however, are outweighed by the long-term benefits discussed above.

On behalf of the "disinterested" members of the Board of Trustees of the MFS Funds, I appreciate this opportunity to comment, and would be pleased to discuss any questions the Commission or its staff may have with respect to this letter. Any such questions may be directed to the undersigned through our independent counsel, Gregory D. Sheehan, Esquire, of Ropes & Gray LLP, at 617-951-7621.

Sincerely,



J. Atwood Ives, Chairman
On behalf of the Independent Trustees of the
MFS Funds

cc: Independent Trustees of the MFS Funds

⁴ The MFS Funds held a shareholders meeting in March, 2005 for the purpose of electing Trustees, but this meeting was required by the terms of MFS' settlement order with the SEC and because of the requirement in Section 16(a) of the Investment Company Act of 1940 relating to the minimum number of trustees that need to be elected by shareholders.