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February 28, 2007

Nancy M. Morris, Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Re: File No. S7-03-04  
Investment Company Governance Proposals  
Request for Additional Comments

Dear Ms. Morris:

On August 18, 2006, as independent chair of the AARP Funds and on behalf of all of the Trustees of the Funds, submitted a letter in response to the request by the Commission for comments regarding the investment company governance proposals set forth in Investment Company Act Release No. 26323. For your convenience, we are attaching this earlier letter.

This letter is to affirm our commitment to supporting the Commission's objective of enhancing the independence and effectiveness of mutual fund boards with the intention to better serve fund shareholders. We believe the costs of these proposed enhanced corporate governance rules, both the supermajority requirement and the independent chair requirement, are minimal and are far outweighed by the benefits to fund shareholders.

We support the Commission's proposal to require a 75 percent majority of independent directors on the fund board. We believe that this supermajority requirement enhances the board's ability to better protect the funds and their shareholders, in relation to issues with the investment adviser, a major purpose of the Investment Company Act. This balance of inside and independent directors makes a real positive difference in affecting the dialogue within the boardroom, to the benefit of fund shareholders. We also believe the costs for funds with boards out of current compliance would be nominal compared with the benefits afforded to shareholders.

We also support the Commission's proposal mandating an independent director serve as chair. In that role, the chair sets the Board's agenda, empowers the other independent directors and can only improve the flow of information needed to make decisions in the best interest of fund shareholders. Our experience has been that any incremental costs incurred to support an independent chair are minimal and well worth the significant value to shareholders in having a chair that has no conflicts because of an adviser role status.

We do not believe that a compromise of choosing either to have the 75 percent majority or the independent director serve as chair is an appropriate alternative to requiring both a super majority and an independent chair. Each of these requirements would serve a positive fund governance purpose and should not be looked at as an "either/or" proposition. We are also concerned that many fund complexes would use such an alternative to avoid the independent chair choice, and that would not serve fund shareholders well.

Thank you for the opportunity to express our views. Please call upon us at any time if we can provide you with additional information.

Respectfully submitted,

The Trustees of the AARP Funds

Peter C. Clapman  
Lynn E. Turner  
Richard M. Reilly  
Ellen B. Safir  
Larry C. Renfro

By: Peter C. Clapman  
Chair, Board of Trustees

cc: Chairman Christopher Cox  
Commissioner Paul S. Atkins  
Commissioner Roel C. Campos  
Commissioner Annette L. Nazareth  
Commissioner Kathleen L. Casey  
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