

MFS GOVERNMENT MARKETS INCOME TRUST  
Form DEF 14A  
September 14, 2007

SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES  
EXCHANGE ACT OF 1934

FILED BY THE REGISTRANT

FILED BY A PARTY OTHER  
THAN THE REGISTRANT

-----  
CHECK THE APPROPRIATE BOX:

- Preliminary Proxy Statement  
 Confidential for Use of the Commission Only (as permitted  
by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12

MFS Government Markets Income Trust

-----  
(Name of Registrant as Specified in its Charter)

-----  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total Fee Paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount previously paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:
-

Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

MFS(R) GOVERNMENT MARKETS INCOME TRUST  
500 Boylston Street, Boston, Massachusetts 02116

Notice of the 2007 Annual Meeting of Shareholders  
To be held on November 1, 2007

The 2007 Annual Meeting of Shareholders of the above referenced trust (the "Trust") will be held at 500 Boylston Street, Boston, Massachusetts 02116, at 9:30 a.m. on Thursday, November 1, 2007, for the following purposes:

- ITEM 1. To elect Robert J. Manning, Lawrence H. Cohn, M.D., Lawrence T. Perera, and Laurie J. Thomsen as Trustees of the Trust; and
- ITEM 2. To amend the Trust's fundamental investment policy concerning borrowing.
- ITEM 3. To act upon, if properly presented at the Meeting, a shareholder proposal that the Board of Trustees promptly take the steps necessary to open-end the Trust or otherwise enable shareholders to realize net asset value for their shares.
- ITEM 4. To transact such other business as may properly come before the Meeting and any adjournments thereof.

THE TRUSTEES OF YOUR TRUST RECOMMEND THAT YOU VOTE  
IN FAVOR OF ITEMS 1 AND 2 AND AGAINST ITEM 3.

Only the Trust's shareholders of record on September 4, 2007 will be entitled to vote at the Trust's Meeting of Shareholders.

By order of the Board of Trustees  
SUSAN S. NEWTON  
Assistant Secretary and Assistant Clerk

September 14, 2007

YOUR VOTE IS IMPORTANT. WE WOULD APPRECIATE YOUR PROMPTLY VOTING, SIGNING AND RETURNING THE ENCLOSED PROXY SO THAT IT IS RECEIVED BY THE DATE OF THE SPECIAL MEETING OR RECORDING YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET BY 9:29 A.M., EASTERN TIME, ON THE DATE OF THE SPECIAL MEETING, WHICH WILL HELP AVOID THE ADDITIONAL EXPENSE OF A SECOND SOLICITATION FOR YOUR TRUST. THE ENCLOSED ADDRESSED ENVELOPE REQUIRES NO POSTAGE AND IS PROVIDED FOR YOUR CONVENIENCE.

MFS(R) GOVERNMENT MARKETS INCOME TRUST

Proxy Statement

This Proxy Statement is furnished in connection with the solicitation of proxies by and on behalf of the MFS Government Markets Income Trust (the "Trust") to be used at the Meeting of Shareholders of the Trust (the "Meeting") to be held at 9:30 a.m. on November 1, 2007 at 500 Boylston Street, Boston, Massachusetts 02116, for the purposes set forth in the accompanying Notice. Information regarding the members of the Board of Trustees can be found in the section of this Proxy Statement entitled "Election of Trustees." If the enclosed form of proxy is executed and returned, it may nevertheless be revoked prior to its exercise by a signed writing filed with the proxy tabulation agent, Georgeson, Inc. "Georgeson", 17 State Street, 10th Floor, New York, NY 10004, or delivered at a Meeting. On September 4, 2007, the following number of shares were outstanding for the Trust:

# Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

TRUST	# OF COMMON SHARES OUTSTANDING
MFS Government Markets Income Trust	51,332,556

Shareholders of record at the close of business on September 4, 2007 will be entitled to one vote for each share held, and each fractional share will be entitled to a proportionate fractional vote.

The mailing address of the Trust is 500 Boylston Street, Boston, Massachusetts 02116. Solicitation of proxies is being made by the mailing of this Notice and Proxy Statement with its enclosures on or about September 14, 2007. In addition to soliciting proxies by mail, the Trustees of your Trust and employees of Massachusetts Financial Services Company ("MFS"), the Trust's investment adviser and administrator, may solicit proxies in person or by telephone. The expenses of the preparation of proxy statements and related materials, including printing and delivery costs, are borne by the Trust. The Trust has engaged Georgeson to provide base shareholder meeting services including the distribution of this Proxy Statement and related materials to shareholders, as well as vote solicitation and tracking. It is anticipated that the cost of these services will be \$10,000 and may increase substantially in the event that any vote is contested and increased solicitation efforts are required.

A copy of the Trust's most recent annual report and semi-annual report may be obtained without charge by contacting Computershare, the Trust's transfer and shareholder servicing agent, 250 Royall Street, Canton, Massachusetts 02021, or by telephoning (800) 637-2304.

## ITEM 1 -- ELECTION OF TRUSTEES

The Board of Trustees, which oversees the Trust, provides broad supervision over the affairs of the Trust. Those Trustees who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of your Trust or of MFS are referred to as "Independent Trustees" throughout this Proxy Statement. MFS is responsible for the investment management of the Trust's assets and for providing a variety of other administrative services to the Trust. The officers of the Trust are responsible for its operations.

The Board has fixed the number of Trustees of the Trust at twelve. Under the provisions of the Trust's Declaration of Trust, the Trustees are divided into three classes, each having a term of three years. The Nomination and Compensation Committee has recommended that the Board nominate for election by shareholders Robert J. Manning, Lawrence H. Cohn, M.D., Lawrence T. Perera, and Laurie J. Thomsen as Trustees of the class whose term will expire at the 2010 Annual Meeting of Shareholders (or special meeting in lieu thereof) of the Trust, and the Board of Trustees has nominated such individuals. Each nominee is presently a Trustee of the Trust and has agreed to serve as a Trustee of the Trust if elected. The Board of Trustees recommends that you vote in favor of their election.

It is intended that proxies not limited to the contrary will be voted in favor of electing Dr. Cohn, Messrs. Manning and Perera and Ms. Thomsen. If, before the Meeting, any nominee refuses or is unable to serve, or if any of the nominees is unavailable at the time of the Meeting, and such refusal or inability to serve or unavailability is not anticipated, the Trustees may vote for other nominees at their discretion, or the Trustees may fix the number of Trustees at fewer than twelve for the Trust. Under the terms of each Trust's retirement policy, the Trustees have a mandatory retirement age of 73 years.

The following table presents certain information regarding the current Trustees of the Trust, including their principal occupations, which, unless specific dates are shown, are of more than five years duration, although the titles may

Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

not have been the same throughout.

NAME, DATE OF BIRTH	POSITION(S) HELD WITH TRUST	TRUSTEE SINCE(1)	TERM EXPIRING	PRINCIPAL DURING THE TERM OF OTHER DIRECTORSHIP
INTERESTED TRUSTEES				
Robert J. Manning(3); (born 10/20/63)	Trustee	February 2004	2010	Massachusetts Services Company, Chief Investment Director
Robert C. Pozen(3) (born 08/08/46)	Trustee	February 2004	2009	Massachusetts Services Company (since February 2004); Sloan School of Management, Senior Lecturer; Secretary of the Commonwealth of Massachusetts; December 2000 to January 2001, Investments, (June 2000 to January 2001); Fidelity Management Company (investments); President (Massachusetts) (2001); BellSouth Corporation (telecommunications); Medtronic, Inc. (medical technology), (satellite communications); Director
INDEPENDENT TRUSTEES				
J. Atwood Ives (born 05/01/36)	Trustee and Chair of Trustees	February 1992	2008	Private investment; Enterprises; services company; Trustee and Officer (until 2008)
Robert E. Butler(4) (born 11/29/41)	Trustee	January 2006	2009	Consultant - compliance matters (2002); Price Waterhouse LLP (professional firm), Partner
Lawrence H. Cohn, M.D. (born 03/11/37)	Trustee	August 1993	2010	Brigham and Women's Hospital, Chief of Cardiology (until 2005); Sloan School of Management, Professor of Surgery; Physiological Medical Devices; Partners HealthCare
David H. Gunning (born 05/30/42)	Trustee	January 2004	2009	Retired; Clear Channel (mining production)

Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

				provider), V Director (un Portman Limi Director (si Encinitos Ve investment c (1997 to Apr Electric Hol (welding equ manufacturer
William R. Gutow (born 09/27/41)	Trustee	December 1993	2008	Private inve estate consu Entertainmen Company (vid Vice Chairma Tan (tanning Chairman (si
Michael Hegarty (born 12/21/44)	Trustee	December 2004	2008	Retired; AXA (financial s insurance), Chief Operat May 2001); T Assurance So President an Officer (unt
Lawrence T. Perera (born 06/23/35)	Trustee	July 1981	2010	Hemenway & B Partner
J. Dale Sherratt (born 09/23/38)	Trustee	August 1993	2009	Insight Reso (acquisition specialists) Wellfleet In (investor in companies), Partner (sin Cambridge Nu (professiona products), C Officer (unt
Laurie J. Thomsen (born 08/05/57)	Trustee	March 2005	2010	New Profit, philanthropy 2006); Priva Venture Part capital), Co General Part 2004); The T (commercial insurance),
Robert W. Uek (born 05/18/41)	Trustee	January 2006	2008	Retired (sin Pricewaterho (professiona Partner (unt Consultant t company indu TT Internati fund complex until 2005);

Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

Investment T  
(mutual fund  
(2000 until

- 
- (1) Date first appointed to serve as Trustee of an MFS fund. Each Trustee has served continuously unless indicated otherwise.
  - (2) Directorships or trusteeships of companies required to report to the Securities and Exchange "public companies").
  - (3) "Interested person" of the Trust within the meaning of the Investment Company Act of 1940 (re 1940 Act), which is the principal federal law governing investment companies like the fund, a position with MFS. The address of MFS is 500 Boylston Street, Boston, Massachusetts 02116.
  - (4) In 2004 and 2005, Mr. Butler provided consulting services to the independent compliance consu MFS pursuant to its settlement with the SEC concerning market timing and related matters. The settlement required that compensation and expenses related to the independent compliance consu exclusively by MFS and, therefore, MFS paid Mr. Butler for the services he rendered to the in compliance consultant. In 2004 and 2005, MFS paid Mr. Butler a total of \$351,119.29.

Each current Trustee listed above served as a board member of 97 funds within the MFS Family of Funds (the "MFS Funds") as of December 31, 2006. The address of each Trustee is c/o MFS, 500 Boylston Street, Boston, Massachusetts 02116.

Information about the Trust, including information about its investment adviser and administrator, independent registered public accounting firm, executive officers, and the interests of certain persons appears under "Trust Information" beginning on page 19.

REQUIRED VOTE. Approval of this matter as to any nominee will require the affirmative vote of a plurality of the Trust's outstanding shares voting at the Meeting in person or by proxy.

THE TRUSTEES OF THE TRUST UNANIMOUSLY RECOMMEND THAT THE SHAREHOLDERS OF THE TRUST VOTE TO ELECT EACH OF THE NOMINEES AS TRUSTEES OF THE TRUST.

COMMITTEES

The Trust's Board of Trustees meets regularly throughout the year to discuss matters and take certain actions relating to the Trust. The Trust's Board has several standing committees, which are described below.

NAME OF COMMITTEE	NUMBER OF MEETINGS IN LAST FISCAL YEAR	FUNCTIONS	CURRENT MEMBER (1)
AUDIT COMMITTEE	9	Oversees the accounting and auditing procedures of the Trust and, among other things, considers the selection of the independent accountants for the Trust and the scope of the audit, and considers the effect on the independence of those accountants of any non-audit services such accountants provide to the Trust and any audit or non-audit services such accountants provide to other MFS Trusts, MFS and/or certain affiliates. The Committee is also responsible for establishing procedures for the	Butler*(2), Gutow*, Sherratt*, Thomsen* ( and Uek*(2)

Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

		<p>receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission of concerns regarding questionable Trust accounting matters by officers of the Trust and employees of the Trust's investment adviser, administrator, principal underwriter or any other provider of accounting-related services to the Trust.</p>	
COMPLIANCE AND GOVERNANCE COMMITTEE	8	<p>Oversees the development and implementation of the Trust's regulatory and fiduciary compliance policies, procedures and practices under the 1940 Act and other applicable laws as well as oversight of compliance policies of the Trust's investment adviser and certain other service providers as they relate to Trust activities. The Trust's Independent Chief Compliance Officer, reports directly to the Committee and assists the Committee in carrying out its responsibilities. In addition, the Committee advises and makes recommendations to the Board on matters concerning Trustee practices and recommendations concerning the functions and duties of the committees of the Board.</p>	<p>Butler*, Cohn*, Gunning*, Gutow* and Sherratt*</p>
CONTRACTS REVIEW COMMITTEE	5	<p>Requests, reviews and considers the information deemed reasonably necessary to evaluate the terms of the investment advisory and principal underwriting agreements and the Plan of Distribution under Rule 12b-1 that the Trust proposes to renew or continue, and to make its recommendations to the full Board of Trustees on these matters.</p>	<p>All non-interested Trustees of the Board (Butler, Cohn, Gunning, Gutow, Hegarty, Ives, Perera, Sherratt, Thomsen and Uek)</p>
NOMINATION AND COMPENSATION COMMITTEE	1	<p>Recommends qualified candidates to the Board in the event that a position is vacated or created. The Committee will consider recommendations by shareholders when a vacancy exists. Shareholders wishing to recommend candidates for Trustee for consideration by the Committee may do so by writing to the Trust's Secretary at the principal executive office of the Trust. Such recommendations must be accompanied by biographical and occupational data on the candidate (including whether the candidate would be an "interested person" of the Trust), a written consent of</p>	<p>All non-interested Trustees of the Board (Butler, Cohn, Gunning, Gutow, Hegarty, Ives, Perera, Sherratt, Thomsen and Uek)</p>

Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

<p>PORTFOLIO TRADING AND MARKETING REVIEW COMMITTEE</p>	<p>8</p>	<p>the candidate to be named as a nominee and to serve as Trustee if elected, record and ownership information for the recommending shareholder with respect to the Trust, and a description of any arrangements or understandings regarding recommendation of the candidate for consideration. The Committee is also responsible for making recommendations to the Board regarding any necessary standards or qualifications for service on the Board. The Committee also reviews and makes recommendations to the Board regarding compensation for the non-interested Trustees. Oversees the policies, procedures, and practices of the Trust with respect to brokerage transactions involving portfolio securities as those policies, procedures, and practices are carried out by MFS and its affiliates. The Committee also oversees the administration of the Trust's proxy voting policies and procedures by MFS. In addition, the Committee receives reports from MFS regarding the policies, procedures, and practices of MFS and its affiliates in connection with their marketing and distribution of shares of the Trust.</p>	<p>Cohn*, Gunning*, Hegarty* and Perera*</p>
<p>PRICING COMMITTEE</p>	<p>8</p>	<p>Oversees the determination of the value of the portfolio securities and other assets held by the Trust and determines or causes to be determined the fair value of securities and assets for which market quotations are not "readily available" in accordance with the 1940 Act. The Committee delegates primary responsibility for carrying out these functions to MFS and MFS' internal valuation committee pursuant to pricing policies and procedures approved by the Committee and adopted by the full Board, which include methodologies to be followed by MFS to determine the fair values of portfolio securities and other assets held by the Trust for which market quotations are not readily available. The Committee meets periodically with the members of MFS' internal valuation committee to review and assess the quality of fair valuation and other pricing determinations made pursuant to the Trust's pricing policies and procedures, and to review and</p>	<p>Hegarty*, Perera*, Thomsen* and Uek*</p>



<p>SERVICES CONTRACTS COMMITTEE</p>	<p>8</p>	<p>assess the policies and procedures themselves. The Committee also exercises the responsibilities of the Board under the Amortized Cost Valuation Procedures approved by the Board on behalf of each Trust which holds itself out as a "money market fund" in accordance with Rule 2a-7 under the 1940 Act. Reviews and evaluates the contractual arrangements of the Trust relating to transfer agency, administrative services, custody, pricing and bookkeeping services and lending of portfolio securities, and makes recommendations to the full Board of Trustees on these matters.</p>	<p>Gunning*, Sherratt*, Thomsen* and Uek*</p>
-------------------------------------	----------	--	---

-----

- (1) Information about each committee member is set forth above on pages 3, 4 and 5. Although Mr. Ives is not a member of all Committees of the Board, he is invited to and attends many of the Committees' meetings in his capacity as Chair of the Trustees.
  - (2) Audit Committee Financial Expert.
- \* Independent Trustees.

The Trustees generally hold at least nine regular meetings each calendar year. These regular meetings take place over a two-day period. The performance and operations of the Trust is reviewed by the Trustees at each meeting and more in-depth reviews are conducted by the Trustees throughout the year. MFS Government Markets Income Trust held 10 Board meetings during the fiscal year ended November 30, 2006. Each Trustee attended at least 75% of the Board and applicable committee meetings noted for the Trust.

AUDIT COMMITTEE

The Trust's Audit Committee consists only of Independent Trustees and Trustees who are independent of the Trust as defined by New York Stock Exchange Listing Standards. The Trust's Audit Committee's report on the Trust's most recent audited financials is included below under Independent Registered Public Accounting Firm. The Trust's Board has adopted a written charter for the Audit Committee. A copy of the Committee's charter is available on mfs.com.

NOMINATION AND COMPENSATION COMMITTEE

The Trustees have adopted a written charter for the Nomination and Compensation Committee. A copy of the Committee's charter is available on mfs.com.

The Trust's Nomination and Compensation Committee consists only of Independent Trustees and Trustees who are independent of the Trust as defined by New York Stock Exchange Listing Standards.

The Nomination and Compensation Committee requires that Trustee candidates have a college degree or equivalent business experience, but has not otherwise established specific, minimum qualifications that must be met by an individual to be considered by the Committee for nomination as a Trustee. The Nomination and Compensation Committee may take into account a wide variety of factors in considering Trustee candidates, including, but not limited to: (i) availability and commitment of a candidate to attend meetings and perform his or her responsibilities to the Board; (ii) relevant industry and related experience; (iii) educational background; (iv) financial expertise; (v) an assessment of the candidate's ability, judgment and expertise; (vi) overall diversity of the

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

composition of the Board; and (vii) such other factors as the Committee deems appropriate. The Nomination and Compensation Committee may consider candidates for Trustee recommended by the Trust's current Trustees, officers or shareholders or by MFS or any other source deemed appropriate by the Nomination and Compensation Committee. The Nomination and Compensation Committee may, but is not required to, retain a third-party search firm at the Trust's expense to identify potential candidates.

The Nomination and Compensation Committee will review and consider nominees recommended by shareholders to serve as Trustee, provided that the recommending shareholder follows the Procedures for Shareholders to Submit Nominee Candidates, which are set forth as Appendix B to the Trust's Nomination and Compensation Committee Charter. Among other requirements, these procedures provide that the recommending shareholder must submit any recommendation in writing to the Trust, to the attention of the Trust's Secretary, at the address of the principal executive offices of the Trust. Any recommendation must include certain biographical information and other information regarding the candidate and the recommending shareholder, and must include a written and signed consent of the candidate to be named as a nominee and to serve as a Trustee if elected. The foregoing description is only a summary.

The Nomination and Compensation Committee has full discretion to reject nominees recommended by shareholders, and there is no assurance that any such person properly recommended and considered by the Committee will be nominated for election to the Board of a Trust.

### SHARE OWNERSHIP

As of September 4, 2007, the Trustees and officers of the Trust as a whole owned less than 1% of the outstanding shares of the Trust.

The following table shows the dollar range of equity securities beneficially owned by each nominee or Trustee (a) of the Trust and (b) on an aggregate basis, in all MFS funds overseen by the nominee or Trustee, as of September 4, 2007.

The following dollar ranges apply:

- N. None
- A. \$1 - \$10,000
- B. \$10,001 - \$50,000
- C. \$50,001 - \$100,000
- D. Over \$100,000

NAME OF TRUSTEE	TRUST NAME	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN THE TRUST	AGGR SE AL O TO B T
<hr/>			
<b>INTERESTED TRUSTEES</b>			
<hr/>			
Robert J. Manning	MFS Government Markets Income Trust	N	
Robert C. Pozen	MFS Government Markets Income Trust	N	
<b>INDEPENDENT TRUSTEES</b>			
<hr/>			
Robert E. Butler	MFS Government Markets Income Trust	N	
Lawrence H. Cohn, M.D.	MFS Government Markets Income Trust	B	

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

David H. Gunning	MFS Government Markets Income Trust	N
William R. Gutow	MFS Government Markets Income Trust	N
Michael Hegarty	MFS Government Markets Income Trust	N
J. Atwood Ives	MFS Government Markets Income Trust	N
Lawrence T. Perera	MFS Government Markets Income Trust	A
J. Dale Sherratt	MFS Government Markets Income Trust	B
Laurie J. Thomsen	MFS Government Markets Income Trust	N
Robert W. Uek	MFS Government Markets Income Trust	B

### SHAREHOLDER COMMUNICATIONS WITH THE BOARD OF TRUSTEES

The Board of Trustees of the Trust has adopted procedures by which shareholders may send communications to the Board. Shareholders may mail written communications to the Board of Trustees, MFS Government Markets Income Trust, c/o Massachusetts Financial Services Company, 500 Boylston Street, Boston, Massachusetts 02116, Attention: Frank Tarantino, Independent Chief Compliance Officer. Shareholder communications must (i) be in writing and be signed by the shareholder, (ii) identify the MFS Trust to which they relate and (iii) identify the class and number of shares held by the shareholder. The Fund's Independent Chief Compliance Officer ("ICCO") is responsible for reviewing all properly submitted shareholder communications. The ICCO shall either (i) provide a copy of each properly submitted shareholder communication to the Board at its next regularly scheduled meeting or (ii) if the ICCO determines that the communication requires more immediate attention, forward the communication to the Chair of the Trustees promptly after receipt. The ICCO may, in good faith, determine that a shareholder communication should not be provided to the Board because it is ministerial in nature (such as a request for Trust literature, share data or financial information). The ICCO may in such cases forward the communication to the appropriate party or parties at MFS. These procedures do not apply to (i) any communication from an officer or Trustee of the Trust, (ii) any communication from an employee or agent of the Trust, unless such communication is made solely in such employee's or agent's capacity as a shareholder or (iii) any shareholder proposal submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, or any communication made in connection with such a proposal. The Trustees are not required to attend the Trust's shareholder meetings or to otherwise make themselves available to shareholders for communications, other than pursuant to the aforementioned procedures. No Board members attended the 2006 Annual Meeting of Shareholders.

The Trust's Declaration of Trust currently provides that the Trust will indemnify its Trustees and officers against liabilities and expenses incurred in connection with litigation in which they may be involved because of their offices with the Trust, unless it is finally adjudicated or, in case of a settlement, it has been determined by Trustees not involved in the matter or independent legal counsel, that they have not acted in good faith in the reasonable belief that their actions were in the best interests of the Trust or that they engaged in willful misfeasance or acted with bad faith, gross negligence or reckless disregard of the duties involved in the conduct of their offices.

### TRUSTEE COMPENSATION TABLE

The table below shows the cash compensation paid to the Trustees by the Trust for the fiscal year ended November 30, 2006. Interested Trustees receive no compensation from the Trust for their services as Trustees. The table includes information for Ms. Amy B. Lane, who retired as Trustee of the Trust on February 22, 2006.

RETIREMENT BENEFITS

TOTAL C  
COMPENSA

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

NAME OF TRUSTEE(1)	TRUSTEE FEES FROM TRUST	ACCRUED AS PART OF TRUST EXPENSE	FROM TRUS FUND COMPL
Robert E. Butler(4)	\$5,358	N/A	\$210,2
Lawrence H. Cohn, M.D.	\$6,016	\$1,537	\$208,2
David H. Gunning	\$5,820	N/A	\$219,6
William R. Gutow	\$6,016	N/A	\$208,2
Michael Hegarty	\$6,020	N/A	\$209,2
J. Atwood Ives	\$6,335	\$0	\$285,2
Amy B. Lane(3)	\$2,020	N/A	\$ 50,4
Lawrence T. Perera	\$6,079	\$0	\$228,2
J. Dale Sherratt	\$6,158	\$1,390	\$250,2
Laurie J. Thomsen	\$6,020	N/A	\$209,2
Robert W. Uek(4)	\$5,408	N/A	\$227,7

- 
- (1) Each Trustee who is an "interested person" of MFS within the meaning of the 1940 Act (Poz and Manning) serves without any compensation from the Trust.
  - (2) For calendar year 2006. Trustees receiving compensation from the Trust served as Trustee of 97 funds within the MFS Fund Complex (having aggregate net assets at December 31, 20 of approximately \$102 billion).
  - (3) Ms. Lane retired as a Trustee of the Trust on February 22, 2006.
  - (4) Messrs. Butler and Uek became Trustees of the Trust on January 1, 2006.

RETIREMENT BENEFIT DEFERRAL PLAN -- Under a Retirement Benefit Deferral Plan, certain Trustees have deferred benefits from a prior retirement plan. The value of the benefits is periodically readjusted as though the Trustee had invested an equivalent amount in Class A shares of other fund(s) designated by such Trustee. The value of the deferred benefits will be paid to the Trustees upon retirement or thereafter. The plan does not obligate a Fund to retain the services of any Trustee or pay any particular level of compensation to any Trustee. The plan is not funded and a Fund's obligation to pay the Trustee's deferred compensation is a general unsecured obligation.

### ITEM 2 -- PROPOSAL TO AMEND THE TRUST'S FUNDAMENTAL INVESTMENT POLICY CONCERNING BORROWING

The Board has approved and recommends that shareholders of the Fund approve an amendment to the Trust's borrowing policy.

Under the 1940 Act, a closed-end Trust is generally permitted to borrow up to 33 1/3% of its assets.

More specifically, under the 1940 Act, a closed-end fund such as the Trust is permitted to have outstanding senior securities representing indebtedness ("borrowings") if immediately after the financing giving rise to the borrowing, the value of the Trust's total assets less liabilities (other than such borrowings) is at least 300% of the principal amount of such borrowing (i.e., the principal amount may not exceed 33 1/3% of the trust's total assets). In addition, a closed-end trust is permitted to declare any cash dividend or other distribution on its common shares if, at the time of such declaration, the value of the trust's total assets, less liabilities other than borrowings, is at least 300% of such principal amount. The Trust's current borrowing policy is more restrictive than is permitted under the 1940 Act, and allows the Trust to borrow only as a temporary measure for extraordinary or emergency purposes or for a repurchase of its shares and in no event in excess of 33 1/3% of its assets.

MFS believes that it is appropriate for the Trust to be able to incur indebtedness for investment purposes. A change to the Trust's investment policy concerning borrowing requires the approval of shareholders. As proposed, the new policy would allow the Trust to strategically incur indebtedness of up to

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

33 1/3% of its assets at short-term rates and invest the proceeds in obligations that pay longer-term rates. Such borrowing would occur when short-term rates are lower than long-term rates to provide the Trust with the potential to earn the difference between the long-term rates earned on investments and the short-term rates paid on the borrowing. MFS expects that this can increase the investment performance of the Trust. However, leveraging is a speculative technique and there are special risks involved. The borrowing will generally increase the volatility of the Trust's net asset value and possibly the market price of its shares. For example, if the Trust borrows money to purchase securities and the Trust's investments decrease in value, the Trust's losses will be greater than if the Trust did not borrow money for investment purposes. In addition, if the return on an investment purchased with borrowed funds is not sufficient to cover the cost of borrowing, then the net income of the Trust will be less than if borrowing were not used. However MFS believes that the potential benefit for enhanced performance and its possible positive affect on the market price of the Trust's shares outweighs these risks.

Under the Trust's management agreement, MFS is entitled to an annual management fee of 0.32% of average net assets and 5.33% of gross income. MFS has agreed to a voluntary limit on the total annual management fee to 0.85%. This limit can be changed only with approval of the Trustees. If the proposal is approved by shareholders, the Trust expects to use bank debt to effect the borrowing, and MFS would not be paid the 0.32% asset-based portion of the management fee with respect to the assets acquired through the borrowing. MFS will, however, be entitled to be paid 5.33% of the gross income earned from the assets obtained through leverage. Accordingly, MFS has some financial incentive for the Trust to utilize borrowings as described because it may receive additional management fees with respect to the portion of the fee based on gross income, up to the total 0.85% management fee limit noted above.

The Trust's current fundamental investment policy with respect to borrowing states:

The Trust may not "borrow money, except as a temporary measure for extraordinary or emergency purposes or for a repurchase of its shares and in no event in excess of 33 1/3% of its assets."

The proposed fundamental investment policy with respect to borrowing that you are asked to approve states:

The Trust may not "borrow money or issue any senior security except to the extent permitted by the Investment Company Act of 1940, as amended, and the rules and regulations thereunder (the "1940 Act") or exemptive orders granted under such Act, or otherwise permitted from time to time by regulatory authority having jurisdiction."

The Trust's investment objective and other fundamental investment policies will not be affected by the proposed changes.

REQUIRED VOTE: Approval of this matter will require the vote of (i) 67% or more of the outstanding voting securities of the Trust present at the Meeting, if the holders of more than 50% of the outstanding voting securities of the Trust are present or represented by proxy or (ii) more than 50% of the outstanding voting securities of the Trust, whichever is less.

THE TRUSTEES OF THE TRUST RECOMMEND THAT THE SHAREHOLDERS OF THE TRUST VOTE TO APPROVE THIS PROPOSAL.

### ITEM 3 -- SHAREHOLDER PROPOSAL

The Board of Trustees has been informed by Bulldog Investors, Park 80 West, Plaza Two, Saddlebrook, NJ 07663 ("Bulldog"), a shareholder of record owning

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

4,755,000 shares of the Trust as of September 4, 2007, that it intends to submit the following proposal at the meeting.

RESOLVED: The shareholders of MFS Government Markets Income Trust (the "Trust") request that the Board of Trustees promptly take the steps necessary to open end the Trust or otherwise enable shareholders to realize net asset value ("NAV") for their shares.

If properly presented at the meeting, Bulldog's proposal will be Item 3. Bulldog has requested that the following statement be included in the proxy statement in support of its proposal.

### SUPPORTING STATEMENT

Shares of the Trust have traded at a discount to NAV continuously for almost 15 years. For example, on March 5, 2007 a shareholder that wished to sell his or her shares would have only received \$6.60 per share and not the NAV of \$7.25.

After fifteen years of discounts, we believe shareholders deserve an opportunity to realize NAV. Open-ending the Trust would allow all shareholders to obtain a higher price for their shares whenever they decide to sell. We think the time is right to permanently eliminate the Trust's discount to NAV. If you agree, please vote in favor of this proposal.

\* \* \*

AS DETAILED IN THE FOLLOWING STATEMENT OF OPPOSITION TO ITEM 3, THE BOARD, INCLUDING THE INDEPENDENT TRUSTEES, HAS CONCLUDED THAT ITEM 3 IS NOT IN THE BEST INTERESTS OF THE SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE "AGAINST" ITEM 3.

BOARD OF TRUSTEES' STATEMENT IN OPPOSITION TO THE PROPOSAL OF BULLDOG INVESTORS  
Bulldog Investors' proposal seeks a fundamental change in the structure of the Trust, asking you to approve a resolution to convert the Trust from a closed-end structure to an open-end structure. The supporting statement portrays such a conversion as a straightforward, uncontroversial action designed to allow all shareholders to receive the full net asset value whenever they decide to redeem their shares. It does not discuss, however, the potential negative consequences of abandoning the closed-end structure or explain that changing a core characteristic of the Trust is contrary to the interests of shareholders who chose a closed-end fund and wish to remain in the Trust. Your Board has given consideration to the proposal and firmly believes that it is not in the best interests of the Trust's shareholders. After careful consideration of several options to address the Trust's market price discount to NAV, your Board has recently taken actions that it believes are superior alternatives to Bulldog's proposal. Specifically, the Board has recently approved the adoption of a level-distribution plan pursuant to which the Trust will make monthly distributions at a minimum annual rate of 7.25% (based on average monthly net asset value), has recommended approval of a proposal to use leverage as a means to potentially increase the Trust's yield, and has authorized a change in the Trust's investment strategy to allow investment in higher yielding securities. Given the potential consequences of conversion to an open-end structure, and the recent actions taken to address the Trust's discount, your Board recommends that you oppose Bulldog's proposal.

Your Board Has Already Taken Actions To Address the Trust's Discount.

Since the time Bulldog submitted its proposal, the Board has taken actions to address the Trust's market discount to NAV. In July 2007, the Board authorized the adoption of a level distribution plan pursuant to which MGF will, beginning on September 1, 2007, make monthly distributions at a minimum annual rate of 7.25%. Fund management has advised the Board that this plan, upon implementation, may have the effect of narrowing or eliminating the Trust's

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

discount. Similar plans have been used by other trusts to address discounts. As set forth elsewhere in this proxy statement, the Board has also recommended approval of a proposal to allow the use of leverage in the management of Trust assets (see Item 2) and, in April 2007, approved a change in the Trust's investment strategy to permit the Trust to invest in higher yielding securities. The Board believes that both of these additional measures may increase the Trust's yield and result in a narrowing of the discount. In light of these recent actions, which the Board believes are responsive to the Bulldog proposal, the Board does not believe that it makes sense to take the further dramatic step of open-ending the Trust, given the many potential negative consequences of doing so.

### Key Differences Between Open-End and Closed-End Trusts.

Conversion of the Trust from a closed-end structure to an open-end structure is not a minor change. It is a change to a core characteristic of the Trust as an investment. A closed-end trust is different from an open-end trust in meaningful ways, and investors often choose a closed-end trust for the very characteristics that distinguish it from an open-end trust.

Unlike an open-end trust, a closed-end trust has a fixed number of shares that trade on an exchange, such as the New York Stock Exchange. By contrast, an open-end trust does not trade on an exchange and has a constantly changing number of shares, because it typically sells new shares continuously and is required to "redeem" shares when investors choose to leave the trust. When an investor redeems a share of an open-end trust, the trust typically pays that investor cash. Thus, while the managers of a closed-end trust can count on a fairly constant asset base, managers of an open-end trust must grapple with the constant inflow and outflow of investors in the trust, typically leaving a certain portion of trust assets uninvested (i.e., in cash or cash-equivalents) to accommodate redemptions.

Managers of a closed-end trust, on the other hand, are free to keep trust assets more fully invested, because they need not worry about redemptions. In the case of a fixed-income closed-end trust, such as the Trust, that means that the managers are free to invest more trust assets in fixed-income securities that will generate income for shareholders. In addition, closed-end trusts are not encumbered by certain SEC rules that limit the ability of open-end trusts to invest in potentially attractive illiquid securities, again because open-end trusts must stand ready to pay for redemptions. Trust management has advised the Board that conversion of the Trust to an open-end structure would deprive the Trust's managers of the ability to fully invest in income-generating securities, to the detriment of Trust shareholders.

### Conversion to an Open-End Structure Would Effectively Increase Fund Expenses.

Bulldog's supporting statement does not discuss the effect that open-ending the Trust would have on the Trust's expenses. Experience has shown that, where proposals such as Bulldog's proposal are acted upon, some investors - often professional fund arbitrageurs and certain hedge funds - redeem their shares immediately, reducing fund assets (sometimes substantially). Although those redeeming shareholders would likely turn a quick profit, their short-term strategy would be at the expense of long-term shareholders who wish to remain in the Trust. Significant redemptions by some large shareholders with a short-term future investment horizon would reduce the number of shares over which fixed costs of the Trust are spread and thereby would increase the portion of expenses the remaining, long-term shareholders must bear.

Your Trust's management estimates that, if investors holding 25% of the Trust redeem their shares upon open-ending, your annual expense ratio would rise by about 3 basis points. If 50% of the shares are redeemed, management estimates your annual expense ratio would rise about 10 basis points. In some cases,

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

redemptions by some large, short-term shareholders after open-ending reduce trust assets so greatly that the economies of the pooled investment are lost, leaving the remaining shareholders little choice but to liquidate the trust entirely or bear an increased share of fixed costs.

Conversion to an open-end trust would also involve a number of additional expenses for your Trust, including the one-time legal, accounting and mailing costs to obtain shareholder approval and, on an ongoing basis, shareholder servicing costs, transfer agency fees to accommodate daily sales and redemptions, the cost to register shares and maintain a current prospectus for an ongoing distribution, as well as initial and ongoing state filing fees. As an open-end trust, your Trust would also have to consider a means to pay brokers for the ongoing distribution of new shares, possibly through a Rule 12b-1 fee. Rule 12b-1 fees are typical features of open-end trusts. As an open-end trust, the Trust may also impose a sales "load" that would apply to new purchases of certain share classes of the Trust.

Conversion to an Open-End Structure May Negatively Impact Returns and Portfolio Management.

Conversion to an open-end trust could potentially dilute your investment returns. Imagine, for example, that the Trust as an open-end fund held a portfolio of securities with an overall yield (after expenses) of 5%, and market yields fall below 5%. Investor money might flow into the Trust, because investors want to take advantage of the higher yield available in the Trust. To put this new money to work, the Trust would be forced to buy instruments reflecting the lower yield then prevalent in the market, diluting the return for all investors. This phenomenon, common in open-end bond trusts, does not generally impact closed-end trusts, because closed-end trusts do not continuously offer their shares and therefore do not take in significant flows of new money.

The Trust's investment program could also be constrained by conversion to an open-end structure. With potential large redemptions on the horizon, the portfolio manager would need to raise cash to fund redemptions, which may require significant restructuring of the portfolio and the sale of investments that might not otherwise be sold at that time, possibly at unfavorable prices, and with significant transaction costs. This, combined with the likely need to maintain a portion of the portfolio in cash to handle redemptions as they arise, could negatively impact the return for long-term Trust shareholders. Depending on the portfolio makeup at the time, large redemptions could also force the Trust to realize any unrealized capital gains with resulting unfavorable tax consequences to some shareholders.

Open-ending could adversely affect the Trust in other ways as well. As discussed above, experience suggests that there are more redemptions in open-end trusts near market bottoms, which often are good times to invest and not good times to sell portfolio securities at depressed prices. Conversely, new money tends to be invested in open-end trusts near market peaks, which are generally not good times for trusts to invest. These factors have a tendency to increase investment volatility. Closed-end trusts, like the Trust, on the other hand, are able to maintain their investment strategy during these peaks and troughs without their portfolio managers being forced to invest new money or liquidate portfolio holdings at times when sound investment practice could dictate otherwise and without generating unnecessary portfolio turnover and transaction costs.

Conversion Could Result in Lost Opportunities to Benefit from Leverage.

Because of restrictions that the Investment Company Act places on leveraging by open-end trusts, conversion to an open-end structure would significantly jeopardize management's efforts to seek increased investment return through



## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

leverage (see Item 2), as detailed elsewhere in this proxy statement. The leverage proposal, which your Board has recommended that you approve, represents an effort to increase investment return, reduce the discount and maintain the closed-end trust structure in which you invested.

In sum, your Board recommends you vote against the Bulldog proposal because it seeks a fundamental change in the Trust that would deprive shareholders of the benefit of the closed-end structure, potentially increase the Trust's total expense ratio, result in new fees associated with open-end trusts, constrain the Trust managers' investment discretion, potentially dilute or decrease your investment returns, interfere with portfolio management and deprive the Trust of the full benefit of the proposal to use leverage to potentially increase yield. Moreover, since Bulldog submitted its proposal, your Board has taken substantial actions in an effort to narrow or eliminate the Trust's discount.

REQUIRED VOTE: Approval of this matter will require the vote of a majority of the outstanding voting securities of the Trust.

THE TRUSTEES OF THE TRUST RECOMMEND THAT THE SHAREHOLDERS OF THE TRUST VOTE AGAINST THIS PROPOSAL.

### TRUST INFORMATION

This section provides certain information about the Trust, including information about its investment adviser and administrator, independent registered public accounting firm, executive officers and the identity of persons holding more than 5% of the outstanding shares of any class of the Trust.

### INVESTMENT ADVISER AND ADMINISTRATOR

The Trust engages as its investment adviser and administrator MFS, a Delaware corporation with offices at 500 Boylston Street, Boston, Massachusetts 02116. MFS is a majority owned subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc., which in turn is a majority-owned subsidiary of Sun Life Financial (U.S.) Holdings, Inc., 500 Boylston Street, Boston, Massachusetts 02116, which in turn is a wholly-owned subsidiary of Sun Life Assurance Company of Canada--U.S. Operations Holdings, Inc., One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481 ("Sun Life U.S. Operations"). Sun Life U.S. Operations is a wholly-owned subsidiary of Sun Life Financial Corp., 150 King Street West, Toronto, Canada MSH 1J9, which in turn is a wholly-owned subsidiary of Sun Life Financial Inc.

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Independent Registered Public Accounting Firm and fiscal year end for the Trust is listed below:

TRUST	INDEPENDENT PUBLIC REGISTERED ACCOUNTING FIRM	FISCAL YEAR END
MFS Government Markets Income Trust	Deloitte & Touche LLP ("Deloitte")	November 30

The Independent Registered Public Accounting Firm has no direct or material indirect interest in the Trust.

Representatives of the Independent Registered Public Accounting Firm are expected to be present at the Meeting and will have an opportunity to make a statement if they desire to do so. Such representatives also are expected to be available to respond to appropriate questions.

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

The Audit Committee of the Board of Trustees of the Trust issued the following report concerning the financial statements for the Trust's most recent fiscal year.

The Audit Committee reviewed and discussed the audited financial statements with Trust management. The Audit Committee also discussed with the Auditor the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards). The Audit Committee received the written disclosures and the letter from the Auditor required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and discussed with the Auditor its independence.

Based on this review and the review of other information and these and other discussions, the Audit Committee recommended to the Board of Trustees that the audited financial statements be included in the Trust's annual report to shareholders for the Trust's 2006 fiscal year for filing with the Securities and Exchange Commission.

Respectfully submitted for MFS Government Markets Income Trust by the Audit Committee as of December 14, 2006.

Robert E. Butler  
J. Atwood Ives  
J. Dale Sherratt  
Laurie J. Thomsen  
Robert W. Uek

To the extent required by applicable regulations, pre-approval by the Audit Committee of the Board is needed for all audit and permissible non-audit services rendered by the Independent Registered Public Accounting Firm to the Trust and all permissible non-audit services rendered by the Independent Registered Public Accounting Firm to MFS and any entity controlling, controlled by or under common control with MFS that provides ongoing services to the Trust (including MFS Service Center, Inc.) (each, a "Service Affiliate") if the services relate directly to the operations and financial reporting of the Trust. Pre-approval is currently on an engagement-by- engagement basis. In the event pre-approval of such services is necessary between regular meetings of the Audit Committee and it is not practical to wait to seek pre-approval at the next regular meeting of the Audit Committee, pre-approval of such services may be referred to the Chair of the Audit Committee; provided that the Chair may not pre-approve any individual engagement for such services exceeding \$50,000 or multiple engagements for such services in the aggregate exceeding \$100,000 between such regular meetings of the Audit Committee. Any engagement pre-approved by the Chair between regular meetings of the Audit Committee shall be presented for ratification by the entire Audit Committee at its next regularly scheduled meeting.

Schedule A attached hereto includes tables that set forth for the Trust's two most recent fiscal years, the fees billed by the Trust's Independent Registered Public Accounting Firm for (a) all audit and non-audit services provided directly to the Trust and (b) those non-audit services provided to the Trust's Service Affiliates that relate directly to the Trust's operations and financial reporting under the following captions:

- (i) Audit Fees - fees related to the audit and review of the financial statements included in annual reports and registration statements, and other services that are normally provided in connection with statutory and regulatory filings or engagements.
- (ii) Audit-Related Fees - fees related to assurance and related services that are reasonably related to the performance of the audit or review of financial statements, but not reported under "Audit Fees",

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

including accounting consultations, agreed-upon procedure reports (inclusive of annual review of basic maintenance testing associated with the Preferred Shares), attestation reports, comfort letters and internal control reviews.

- (iii) Tax Fees - fees associated with tax compliance, tax advice and tax planning, including services relating to the filing or amendment of federal, state or local income tax returns, regulated investment company qualification reviews and tax distribution and analysis reviews.
- (iv) All Other Fees - fees for products and services provided to the Trust by the Independent Registered Public Accounting Firm other than those reported under "Audit Fees", "Audit- Related Fees" and "Tax Fees."

Schedule A attached hereto also sets forth the aggregate fees billed by the Independent Registered Public Accounting Firm for the Trust's two most recent fiscal years for non-audit services rendered to the Trust and the Trust's Service Affiliates.

The Audit Committee has considered whether the provision by the Trust's Independent Registered Public Accounting Firm of non-audit services to the Trust's Service Affiliates that were not pre-approved by the Audit Committee (because such services did not relate directly to the operations and financial reporting of the Trust) was compatible with maintaining the independence of the Independent Registered Public Accounting Firm as the Trust's principal auditor.

### EXECUTIVE OFFICERS

The following table provides information about the current executive officers of the Trust including their principal occupations, which, unless specific dates are shown, are of more than five years duration, although the titles may not have been the same throughout. Each officer will hold office until his or her successor is chosen and qualified, or until he or she retires, resigns or is removed from office.

NAME, DATE OF BIRTH	POSITION(S) HELD WITH TRUST	OFFICER SINCE (1)	PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS & DIRECTORSHIP
<b>OFFICERS</b>			
Maria F. Dwyer(3) (born 12/1/58)	President	November 2005	Massachusetts Financial Company, Executive Vice President, Chief Regulatory Officer (since September 2004) and Chief Compliance Officer (since November 2006); Management & Research Company, President (prior to March 2004); Fidelity Group of Funds, Treasurer (prior to March 2004)
Tracy Atkinson(3) (born 12/30/64)	Treasurer	September 2005	Massachusetts Financial Company, Senior Vice President (since September 2004); PricewaterhouseCoopers, Treasurer (prior to September 2004)
Christopher R. Bohane(3) (born 01/18/74)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Company, Vice President and Counsel (since April 2005)

Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

			Kirkpatrick & Lockhart Associate (prior to Apr
Ethan D. Corey(3) (born 11/21/63)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Company, Special Counse December 2004); Dechert firm), Counsel (prior t 2004)
David L. DiLorenzo(3) (born 08/10/68)	Assistant Treasurer	July 2005	Massachusetts Financial Company, Vice President 2005); JP Morgan Invest Vice President (prior t
Mark D. Fischer(3) (born 10/27/70)	Assistant Treasurer	July 2005	Massachusetts Financial Company, Vice President 2005); JP Morgan Invest Company, Vice President 2005)
Brian E. Langenfeld(3) (born 03/7/73)	Assistant Secretary and Assistant Clerk	May 2006	Massachusetts Financial Company, Vice President 2006); John Hancock Adv Assistant, Vice Preside (May 2005 to April 2006 Advisers, LLC, Attorney Secretary (prior to May
Ellen Moynihan(3) (born 11/13/57)	Assistant Treasurer	April 1997	Massachusetts Financial Company, Senior Vice Pr
Susan S. Newton(3) (born 03/7/50)	Assistant Secretary and Assistant Clerk	May 2005	Massachusetts Financial Company, Senior Vice Pr Associate General Couns 2005); John Hancock Adv Senior Vice President, Chief Legal Officer (pr 2005); John Hancock Gro Senior Vice President, Chief Legal Officer (pr 2005)
Susan A. Pereira(3) (born 11/5/70)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Company, Vice President Counsel (since June 200 McCutchen LLP (law firm (prior to June 2004)
Mark N. Polebaum(3) (born 05/01/52)	Secretary and Clerk	January 2006	Massachusetts Financial Company, Executive Vice General Counsel and Sec January 2006); Wilmer C Hale and Dorr LLP (law (prior to January 2006)
Frank L. Tarantino (born 03/07/44)	Independent Chief Compliance Officer	June 2004	Tarantino LLC (providen services), Principal (s 2004); CRA Business Str (consulting services), President (April 2003 t David L. Babson & Co. ( adviser), Managing Dire

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

Administrative Officer  
(prior to March 2003)

James O. Yost (3)  
(born 06/12/60)

Assistant Treasurer

September 1990

Massachusetts Financial  
Company, Senior Vice Pr

- 
- (1) Date first appointed to serve as officer of an MFS fund.
  - (2) Directorships or trusteeships of companies required to report to the Securities and Exchange Commission (i.e., "public companies").
  - (3) "Interested person" of the Trust within the meaning of the 1940 Act, as a result of position held. The address of MFS is 500 Boylston Street, Boston, Massachusetts 02116.

The Trust's officers held comparable positions with the 97 funds in the MFS Family of Funds, and with certain affiliates of MFS as of December 31, 2006. The address of each officer is MFS, 500 Boylston Street, Boston, Massachusetts 02116.

### INTERESTS OF CERTAIN PERSONS

Schedule B attached hereto sets forth, as of September 4, 2007, to the best knowledge of the Trust, the shareholders who beneficially owned more than 5% of the outstanding shares of any class of the Trust.

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires Trustees, directors and certain officers of the Trust and MFS, and persons who own more than ten percent of the Trust's shares, to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange. Such persons are required by SEC regulation to furnish the Trust with copies of all Section 16(a) forms they file in relation to the Trust.

Based solely on a review of the copies of Forms 3, 4 and 5 and amendments thereto furnished to the Trust with respect to its most recent fiscal year for Trustees, directors and certain officers of the Trust and MFS and greater than ten percent beneficial owners, the Trust believes all Section 16(a) filing requirements were made on a timely basis, except for the following filings: Peter Vaream (Former Portfolio Manager) made a Form 3 (Initial Statement of Beneficial Ownership) filing on January 11, 2006; Joseph C. Flaherty, Jr. (Former Portfolio Manager) made a Form 3 filing on December 5, 2005; Elaine R. Smith (Former Trustee) made a Form 4 (Statement of Changes of Beneficial Ownership) filing on December 14, 2005. To the extent that any Form 3, 3A and 4 filings were not made on a timely basis, certain Form 5 (Annual Statement of Changes of Beneficial Ownership) filings were not filed on a timely basis as well.

### LITIGATION

Since December 2003, MFS, MFS Fund Distributors, Inc., MFS Service Center, Inc., MFS Corporation Retirement Committee, Sun Life Financial Inc., various MFS funds, certain current and/or former Trustees of the MFS funds, and certain officers of MFS have been named as defendants in multiple lawsuits filed in federal and state courts. The various lawsuits generally allege that some or all of the defendants (i) permitted or acquiesced in market timing and/or late trading in some of the MFS funds, and inadequately disclosed MFS; internal policies concerning market timing and such matters, (ii) received excessive compensation as fiduciaries with respect to the MFS funds, or (iii) permitted or acquiesced in the improper use of fund assets by MFS to support the distribution of MFS fund shares and inadequately disclosed MFS' use of the fund assets in this matter. The lawsuits assert that some or all of the defendants violated the federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934, the Investment Company Act of 1940 and the Investment Advisers Act of 1940, the Employee Retirement Income Security Act of 1974 (ERISA), as well as fiduciary duties and other violations of common law.

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

The lawsuits variously have been commenced as class actions or individual actions on behalf of investors who purchased, held or redeemed shares of the MFS funds during specified periods, as ERISA actions by participants in certain retirement plan accounts on behalf of those accounts, or as derivative actions on behalf of the MFS funds.

The lawsuits relating to market timing and related matters have been transferred to, and consolidated before, the United States District Court for the District of Maryland, as part of a multi-district litigation of market timing and related claims involving several other fund complexes (In re Mutual Funds Investment Litigation (Alger, Columbia, Janus, MFS, One Group, Putnam, Allianz Dresdner), No. 1:04-md-15863 (transfer began March 19, 2004)). The market timing cases related to the MFS funds include Riggs v. MFS et al., Case No. 04-CV-01162-JFM (direct), Hammerslough v. MFS et al., Case No. 04-MD-01620 (derivative), Anita Walker v. MFS et al., Case No. 1:04-CV-01758 (ERISA), and Reaves v. MFS Series Trust I, et al., Case No. 1:05-CV-02220-JFM (Class B Shares). The plaintiffs in these consolidated lawsuits generally seek injunctive relief including removal of the named Trustees, adviser and distributor, rescission of contracts and 12b-1 Plans, disgorgement of fees and profits, monetary damages, punitive damages, attorney's fees and costs and other equitable and declaratory relief. Two lawsuits alleging improper brokerage allocation practices and excessive compensation are pending in the United States District Court for the District of Massachusetts (Forsythe v. Sun Life Financial Inc., et al., No. 04cv10584 (GAO) (a consolidated action, first filed on March 25, 2004) and Marcus Dumond, et al. v. Massachusetts Financial Servs. Co., et al., No. 04cv11458 (GAO) filed on May 4, 2004)). The plaintiffs in these lawsuits generally seek compensatory damages, punitive damages, recovery of fees, rescission of contracts, an accounting, restitution, declaratory relief, equitable and/or injunctive relief and attorney's fees and costs. Insofar as any of the actions is appropriately brought derivatively on behalf of any of the MFS funds, any recovery will inure to the benefit of the MFS funds. Several claims of the various lawsuits have been dismissed; MFS and other named defendants continue to defend the various lawsuits.

### FURTHER INFORMATION ABOUT VOTING AND THE MEETING

#### MANNER OF VOTING PROXIES

All proxies received by management will be voted on all matters presented at the Meeting, and if not limited to the contrary, will be voted: FOR the election of Robert J. Manning, Lawrence H. Cohn, M.D., Lawrence T. Perera, and Laurie J. Thomsen, as Trustees of the Trust (if still available for election); FOR the approval of Item 2; and AGAINST the approval of Item 3.

All proxies received, including proxies that reflect (i) broker non-votes (i.e., shares held by brokers or nominees as to which (a) instructions have not been received from the beneficial owners or the persons entitled to vote, and (b) the broker or nominee does not have discretionary voting power on a particular matter), (ii) abstentions or (iii) the withholding of authority to vote for a nominee for election as Trustee, will be counted as shares that are present on a particular matter for purposes of determining the presence of a quorum for that matter. A majority of the Trust's outstanding shares entitled to be cast at the Meeting that are present in person or represented by proxy constitutes a quorum. With respect to Items 1 and 2, neither broker non-votes nor abstentions nor withholding authority to vote have any effect on the outcome of the voting. With respect to Item 3, broker non-votes, absentions, and withholding authority to vote all will have the effect of voting AGAINST the applicable proposal.

Each shareholder of the Trust is entitled to one vote for each share of the Trust that such shareholder owns at the close of business on September 4, 2007, on each matter on which the shareholder is entitled to vote. Each fractional share is entitled to a proportionate fractional vote.

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

The Trust will reimburse the record holders of its shares for their reasonable expenses incurred in sending proxy material to and obtaining voting instructions from beneficial owners.

If, because of any unexpected occurrence, any nominee is not available for election or if any other matters properly come before the Meeting, it is the Trust's intention that proxies not limited to the contrary will be voted in accordance with the judgment of the persons named in the enclosed form of proxy.

### INSTRUCTIONS FOR VOTING PROXIES

The giving of a proxy will not affect a shareholder's right to vote in person should the shareholder decide to attend the Meeting. To vote by mail, please mark, sign, date and return the enclosed proxy card following the instructions printed on the card.

### SUBMISSION OF PROPOSALS

Proposals of shareholders which are intended to be presented at the 2008 Annual Meeting of Shareholders must be received by the Trust on or prior to March 30, 2008. The submission by a shareholder of a proposal for inclusion in the proxy materials does not guarantee that it will be included. Shareholder proposals are subject to certain requirements under the federal securities laws.

A shareholder who wishes to make a proposal at the 2008 Annual Meeting of Shareholders without including the proposal in the Trust's proxy statement must ensure that the proposal is received by the Trust in good order and in compliance with all applicable legal requirements and requirements set forth in the Trust's By-Laws and Declaration of Trust by June 13, 2008 at the Trust's principal office at 500 Boylston Street, Boston, Massachusetts 02116. The persons named as proxies for the 2008 Annual Meeting of Shareholders will have discretionary authority to vote on all matters presented at the meeting consistent with the SEC's proxy rules.

### ADDITIONAL INFORMATION

The expense of the preparation, printing and mailing of the enclosed form of proxy, the Notice and this Proxy Statement, and any tabulation costs, will be borne by the Trust.

Only one copy of this Proxy Statement may be mailed to a household, even if more than one person in a household is a Trust shareholder of record, unless the Trust has received contrary instructions from one or more of the shareholders in such household. If you need additional copies of this Proxy Statement and you are the holder of record of your shares, please contact Georgeson at 888-605-8354. If your shares are held in broker street name please contact your financial intermediary to obtain additional copies of this proxy statement. If in the future you do not want the mailing of proxy statements to be combined with those for other members of your household or if you are receiving multiple copies of this Proxy Statement and do want the mailings to be combined with those for other members of your household, contact Computershare, Inc. "Computershare", in writing, at 250 Royall Street, Canton, Massachusetts 02021, or by telephone at (800) 637-2304, or contact your financial intermediary.

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY

September 14, 2007

MFS(R) GOVERNMENT MARKETS INCOME TRUST

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

## Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

For the Fund's last two fiscal years, fees billed by the Trust's Independent Registered Public Accounting Firm provided directly to the Trust:

TRUST	INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	AUDIT FEES	
		2006	2005

MFS Government Markets Income Trust	Deloitte	\$43,663	\$44,463	\$2
-------------------------------------	----------	----------	----------	-----

TRUST	INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	TAX FEES	
		2006	2005

MFS Government Markets Income Trust	Deloitte	\$8,400	\$10,100	
-------------------------------------	----------	---------	----------	--

For the Trust's last two fiscal years, fees billed by the Trust's Independent Registered Public Accounting Firm provided to the Trust's Service Affiliates that relate directly to the Trust's operations and financial reporting:

TRUST	INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	AUDIT RELATED FEES (1)		TAX FEES (1)	
		2006	2005	2006	2005

Service Affiliates of MFS Government Markets Income Trust	Deloitte	\$1,047,925	\$729,371	\$0	\$3
---	----------	-------------	-----------	-----	-----

(1) This amount reflects the fees billed to Service Affiliates of the Fund for non-audit services related to the operations and financial reporting of the Fund (portions of which services also related to the financial reporting of all funds within the MFS funds complex).

During the periods indicated in the tables above, no services described under "Audit-Related Fees" were approved pursuant to the de minimis exception set forth in paragraph (c) (7) (i) (C) of Rule 14a-101.

Aggregate fees billed by the Independent Registered Public Accounting Firm, for the Trust's two fiscal years for non-audit services rendered to the Trust and the Trust's Service Affiliates:

TRUST	INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	2006
MFS Government Markets Income Trust and its Service Affiliates	Deloitte	\$1,648,581

### INTERESTS OF CERTAIN PERSONS

As of September 4, 2007, to the best knowledge of the Trust, the shareholders who beneficially own outstanding shares of any class of the Trust are as follows:



Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

TRUST	NAME AND ADDRESS OF SHAREHOLDER	CLASS OF SHARES	NUMBER OUTSTAND SHARE BENEFICI OWNED
MFS Government Markets Income Trust	Cede & Co. PO Box 20 Bowling Green Station New York, NY	Common	46,704,
M F S (R) INVESTMENT MANAGEMENT			CE-MFG-PRX-9/07

YOUR VOTE IS IMPORTANT

PLEASE COMPLETE, DATE, SIGN AND MAIL  
YOUR PROXY CARD IN THE ENVELOPE PROVIDED  
AS SOON AS POSSIBLE.

TO VOTE BY MAIL, PLEASE DETACH PROXY CARD HERE

MFS INVESTMENT MANAGEMENT

MFS (R) GOVERNMENT MARKETS INCOME TRUST  
500 BOYLSTON STREET, BOSTON, MASSACHUSETTS 02116

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF TRUSTEES OF THE TRUST  
NOTICE OF THE 2007 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 1, 2007

P The signer of this proxy card hereby appoints Tracy A. Atkinson, Christopher  
R R. Bohane, Mark D. Fischer, Brian E. Langenfeld, Susan S. Newton, and Susan  
O A. Pereira and each of them separately, proxies, with power of substitution,  
X and hereby authorizes each of them to represent, and to vote as designated  
Y on the reverse side, at the Meeting of Shareholders of the above-referenced  
Trust, on Thursday, November 1, 2007 at 9:30 a.m. Boston time, and at any  
adjournment thereof, all of the shares of the Trust that the undersigned  
would be entitled to vote if personally present.

Shareholders of the Trust will vote separately on each item.

Only a Trust's shareholders of record on September 4, 2007 will be entitled  
to vote at the Trust's Meeting of Shareholders.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED  
HEREIN BY THE SIGNING SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL  
BE VOTED FOR PROPOSAL 1 AND 2 AND AGAINST PROPOSAL 3. IN THEIR DISCRETION,  
THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER MATTERS AS MAY PROPERLY  
COME BEFORE THE MEETING.

YOUR VOTE IS IMPORTANT. WE WOULD APPRECIATE YOUR PROMPTLY VOTING, SIGNING  
AND RETURNING THE ENCLOSED PROXY, WHICH WILL HELP AVOID THE ADDITIONAL  
EXPENSE OF A SECOND SOLICITATION FOR YOUR TRUST. THE ENCLOSED ADDRESSED  
ENVELOPE REQUIRES NO POSTAGE AND IS PROVIDED FOR YOUR CONVENIENCE.

Edgar Filing: MFS GOVERNMENT MARKETS INCOME TRUST - Form DEF 14A

PLEASE SIGN AND DATE ON THE REVERSE SIDE

MFS INVESTMENT MANAGEMENT OFFERS STOCKHOLDERS OF RECORD  
THREE WAYS TO VOTE YOUR PROXY

YOUR TELEPHONE OR INTERNET VOTE AUTHORIZES THE NAMED PROXIES TO VOTE YOUR SHARES IN THE SAME MANNER AS YOUR PROXY CARD. WE ENCOURAGE YOU TO USE THESE COST EFFECTIVE AND CONVENIENT WAYS OF VOTING, 24 HOURS A DAY, 7 DAYS A WEEK.

TELEPHONE VOTING

This method of voting is available for residents of the U.S. and Canada. On a touch tone telephone, call TOLL FREE 1-800-786-5337, 24 hours a day, 7 days a week. Have this proxy card ready, then follow the prerecorded instructions. Your vote will be confirmed and cast as you have directed. Available 24 hours a day, 7 days a week until 5:00 p.m. Eastern Daylight Time on October 31, 2007.

INTERNET VOTING

Visit the Internet voting Web site at [HTTP://PROXY.GEORGESON.COM](http://PROXY.GEORGESON.COM). Have this proxy card ready and follow the instructions on your screen. You will incur only your usual Internet charges. Available 24 hours a day, 7 days a week until 5:00 p.m. Eastern Daylight Time on October 31, 2007.

VOTING BY MAIL

Simply sign and return the proxy card in the postage paid envelope to Georgeson Station, P.O. Box 1000, New York, NY 10017. If you are voting by Internet, you must also sign your proxy card.

-----  
\\ DETACH BELOW AND RETURN USING THE ENVELOPE PROVIDED ONLY IF YOU ARE VOTING BY MAIL  
-----

[X] Please mark  
votes as in  
this example.

-----  
Proposals - THE TRUSTEES OF YOUR TRUST RECOMMEND THAT YOU VOTE IN FAVOR OF ITEMS 1 AND 2 AND AGAINST ITEMS 3 AND 4.  
-----

1. Election of Directors:

- 01 - Robert J. Manning
- 02 - Lawrence H. Cohn, M.D.
- 03 - Lawrence T. Perera
- 04 - Laurie J. Thomsen

[ ] Mark here to vote FOR all nominees

[ ] Mark here to WITHHOLD vote from all nominees

- 2. To amend the Trust's fundamental investment policy concerning borrowing.
- 3. To act upon, if properly presented at the Meeting, a shareholder proposal that the Board of Trustees promptly take the steps necessary to open the Trust or otherwise enable the shareholders to realize the value of their shares.

For All EXCEPT -To withhold a vote for one or more nominees, mark the box to the left and the corresponding numbered box(es) to the right.

01 02 03 04  
[ ] [ ] [ ] [ ]

4. To transact such other business before the Meeting and any adjournment thereof.

AUTHORIZED SIGNATURES --  
FOR YOUR VOTE TO BE COUNTED

Dated: \_\_\_\_\_

-----  
Signature:

-----  
Signature if held jointly

Please sign exactly as name. If multiple owners should each sign. If sign as executor, administrator, guardian, or custodian, please sign as such. If sign as a representative of a corporation, please sign as such and indicate the signer's office. If sign as a partner, please indicate the partnership name.