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DRISCOLL ASSOCIATES

VIA FAX and US MAIL

January 5, 2004

The Honorable William H. Donaldson
Chairman
U.S. Securities & Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

*Dawn-Marie Driscoll, President
Executive Fellow
Center for Business Ethics
Bentley College*

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Dear Chairman Donaldson:

I am writing to you as an independent director of many of the Scudder Funds ("The Boston board"). Because of the holiday season my fellow directors have not had the opportunity to review this letter and join as signatories so the views expressed are mine alone, and not of our full board. I have reviewed many of the recommendations regarding mutual fund governance that you and your staff at the SEC have discussed in the past several months and I would like to comment on them.

First, it might be helpful to have a little background on our board. We have seven independent directors and one interested director on the board, for a ratio of 87%. I act as "lead director", which allows me to direct the agenda and the material presented to us, coordinate concerns and issues, meet in executive session at every meeting and hire outside counsel, accountants and consultants. We have a corporate governance committee of independent directors that establishes qualification standards of independence, attendance policies, fund ownership policies, retirement policies and conducts a board evaluation, as well as nominates independent directors. We have an audit committee, shareholder servicing and distribution committee, two investment oversight committees (equity and income), a valuation committee, and from time to time have established special task forces to review certain matters. In 2002 the trustees conducted over 36 meetings to deal with fund issues. We have adopted specific policies and guidelines that, among other things, seek to further enhance our effectiveness and independence, similar to those suggested by the 1999 Report of the Advisory Group on Best Practices for Fund Directors, of which I was a member.

Proposed Reforms

1. Requiring an independent chair of the fund's board of directors

I am generally in favor of the idea that an independent director be chairman of fund boards, if the purpose of the recommendation is to allow the independent directors

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to control meeting agendas and the quality and flow of information to the board. The Advisory Group that authored the Best Practices Report considered this question and determined that this could be accomplished by having a lead director perform that function. If the change in title is designed to make it clearer that independent directors should operate this way, I support this proposal. However, if by designating an independent director as "chairman" this implies additional substantive responsibility or liability that other independent directors would not have, I do not favor this change in terminology. In any case I believe the board should be allowed to elect the individual it chooses to be chairman and this should not be a requirement.

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2. Increasing the percentage of independent directors under SEC rules from a majority to three-fourths

I support the proposal to increase the percentage of independent directors on a fund board to 75%.

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3. Providing the independent directors the authority to retain staff as they deem necessary

I support the authority of independent directors to retain staff, although it seems clear to me that independent directors have had this authority all along. The Best Practices Report made explicit mention of the authority of directors to retain experts as needed. Some directors may choose to hire staff, although I do not necessarily agree that this is necessary. If directors do not hire their own staff, the SEC might make note of the fact that they can achieve the purpose of this recommendation (presumably data-gathering and expertise from outside the adviser) through consultants or other advisers.

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4. Requiring boards of directors to perform an annual self-evaluation of their effectiveness, including consideration of the number of funds they oversee and the boards' committee structure

I support annual evaluations by all boards. The Best Practices Report recommended board evaluations as an opportunity for boards to assess their effectiveness regularly. I especially support language in this recommendation to address the issue of director oversight over multiple funds, as I believe there is some confusion among those who are not familiar with how fund boards operate. In my view, a proposal that would limit the number of funds directors can serve on would result in ineffective boards, as the meetings would be short, and director and adviser attention necessarily limited or duplicative. A strong fund board comprised of high-quality directors, committed to multiple meetings and in-depth analysis of many fund issues can only be achieved, in my opinion, if directors oversee a significant number of funds. To give just one example, a valuation question may arise on only one fund, but the discussion and resolution of that question may give rise to procedural or policy implications across all funds. Directors

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who serve on many funds have the advantage of spending more time on issues that are common to funds in a single complex; significant access to, and influence with, senior executives of the adviser (including compliance and legal); reducing costs and administrative burdens, allowing directors to spend more time on important issues. Our board uses our annual evaluation to evaluate how we are managing our workload, whether we are spending the right amount of time on important issues, and addressing the effectiveness of our board.

5. Requiring boards to focus on and preserve documents and information that directors use to determine the reasonableness of fees, including a focus on the need for breakpoints or reductions in advisory fees and comparisons with fees and services charged to other clients of the adviser

FA: [unclear]

I support this proposal. The burden of record retention should be on the fund and its corporate secretary, not individual directors or their counsel.

I would like to make a few final comments.

There are various legislative proposals pending which would impose certification requirements on independent directors of mutual funds. From what I understand of these, they will burden our oversight process with a great deal of procedural matters but I am not convinced that substantively the shareholders will gain any benefit, particularly since independent directors do not have the indepth knowledge that management company executives do. I am at a loss to understand what these certification requirements will actually add to fund governance, except to discourage many directors from serving on a fund board. I hope the SEC will study this issue carefully, review directors' concerns about this matter and convey your views to Congress.

No TO SEC REPLY

Finally, it appears to me that some of the recent scandals and problems arising in some mutual fund complexes were caused by the fact that the adviser did not share important information with the independent directors. I am confident that any strong and independent fund board would have immediately taken appropriate action, had they known about the matters that have subsequently come to light. For this reason I support enhanced SEC inspection at mutual fund complexes. The SEC is best positioned to look for potential violations of both law and fiduciary duty to shareholders, as the SEC is aware of shortcomings in other fund complexes that would suggest areas for enhanced scrutiny. I am confident that if the SEC were to find a problem, it would share it with the independent directors of the funds, who could then deal with the problem immediately.

For SEC Inspection

Please don't hesitate to contact me if you would like further information about my views. I am gratified that the SEC is addressing these and other issues that will help restore the confidence of our shareholders in the integrity of mutual funds.

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FACSIMILE TRANSMITTAL SHEET

TO: <i>Chairman Donaldson</i>	FROM: Dawn-Marie Driscoll
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