

MFS GOVERNMENT MARKETS INCOME TRUST
Form N-CSR
July 30, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-4975

MFS GOVERNMENT MARKETS INCOME TRUST

(Exact name of registrant as specified in charter)

500 Boylston Street, Boston, Massachusetts 02116

(Address of principal executive offices) (Zip code)

Stephen E. Cavan
Massachusetts Financial Services Company
500 Boylston Street
Boston, Massachusetts 02116

(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

Date of fiscal year end: November 30, 2002

Date of reporting period: May 31, 2003

ITEM 1. REPORTS TO STOCKHOLDERS.

[logo] M F S(R)
INVESTMENT MANAGEMENT

MFS(R) GOVERNMENT
MARKETS INCOME TRUST

SEMIANNUAL REPORT o MAY 31, 2003

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NOT FDIC INSURED
NOT A DEPOSIT

AY LOSE VALUE
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

NO BANK GUARANTEE

LETTER FROM THE CHAIRMAN

[Photo of Jeffrey L. Shames]
Jeffrey L. Shames

Dear Shareholders,

Our firm was built on the philosophy that bottom-up fundamental research is the best means of achieving superior long-term investment performance. When you're managing billions of dollars for investors, we think you have an obligation to have in-depth, firsthand knowledge of every company owned, anywhere in the world.

We have structured our equity and fixed-income investment teams to capitalize on the strength of our investment process and the global reach of our analysts based around the world. Our global research team is composed of 45 equity research analysts, 27 based in the United States and 18 based abroad, and 26 credit research analysts. Each analyst is assigned one or more specific industries and then charged with identifying the most attractive investment ideas within these industries. Our U.S. and non-U.S. equity research analysts are unified into one team that emphasizes a collaborative process in analyzing securities around the globe. Credit analysts also share their expertise in each segment of the fixed-income market and work as part of the same team ensuring that every member has access to information that may have a material effect on their investment decisions. As MFS(R) continues to grow and as markets become more complex, we believe our structure will enable us to maintain a consistent investment process with the goal of providing strong, long-term investment performance across market capitalizations, investment disciplines, and country borders for our investors.

THINKING GLOBALLY

More companies than ever compete globally and, therefore, we must make investment decisions knowing what is occurring outside of a company's local market. This trend plays to the strength of our environment of collaboration between our analysts and portfolio managers around the globe. The analysts know the most details about individual companies in specific industries and geographic regions. The portfolio managers have broader, cross-industry insights and a wider perspective on companies and industries. Our goal is to make sure those two sets of perspectives coordinate and work well together. As the world's markets become more interdependent, we believe our collaborative environment allows us to produce solid investment ideas for our portfolios.

BUILDING A NETWORK

Simply put, we believe our structure assures that our analysts maintain their peripheral vision rather than becoming too immersed in a specific segment of the market. We do not believe that analysts and portfolio managers -- no matter how talented they may be -- can succeed by working in a vacuum. Through the latest technology available, our entire research team meets frequently via video and telephone teleconferences, e-mail, and PDAs (personal digital assistants). When we hire new analysts, we require them to spend an average of one year in Boston to learn MFS' culture and to build relationships with their peers. We believe the interaction among our analysts is the key to making our collaborative process work toward delivering superior long-term investment performance for our investors. Our analysts work out of four research offices in Boston, London, Singapore, and Tokyo, and are assigned to specific regions and industries. They meet regularly with their colleagues to discuss world trends affecting the

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companies they cover.

In addition, our equity and fixed-income analysts often visit company managements as a team. This collaboration is vital because of the different perspectives they bring to their analysis. Because a company's stock price has tended to follow its earnings over time, our equity research analysts tend to focus on gauging earnings potential, a company's position within its industry, and its ability to grow its market share. Conversely, our fixed-income analysts will look at stability of a company's cash flow, the value of its assets, and its capital structure to gauge whether the company can generate enough free cash flow to pay off its debt. As a result of their collaboration, we believe we're able to see a more complete view of a company.

WORKING TOGETHER

Our portfolio managers also work closely with the analysts to select the most appropriate securities for their portfolios from the various recommendations made by the analysts. Opinions are exchanged and ideas are challenged so that each member of our team is involved in our investment process. In fact, our portfolio managers will be the first ones to tell you that many of their best ideas start with the research analysts. We believe our collaborative approach also provides us with an effective way to assess risk. Our portfolio managers are not discouraged from taking on an appropriate level of risk; however, we have rigorous guidelines to assure that the level of risk is measured and monitored and consistent with the investment philosophies of each of our portfolios. All told, we believe our culture empowers the members of our investment team to continue to do their best work and allows them to make better investment decisions.

As always, we appreciate your confidence in MFS and welcome any questions or comments you may have.

Respectfully,

/s/ Jeffrey L. Shames

Jeffrey L. Shames
Chairman
MFS Investment Management (R)

June 20, 2003

The opinions expressed in this letter are those of MFS and no forecasts can be guaranteed.

MANAGEMENT REVIEW

[Photo of Peter C. Vaream]
Peter C. Vaream

Dear Shareholder,

For the six months ended May 31, 2003, the trust provided a total return of 7.41% based on its beginning and ending stock market prices and assuming the reinvestment of any distributions paid during the period. The trust's total return, based on its net asset value (NAV) was 6.00%. The trust's results compare with returns over the same period for the following benchmarks: 4.65% for the Salomon Brothers World Government Bond Index Non-dollar Hedged and 4.56% for the Lehman Brothers Government/Mortgage Index. The Lehman Brothers Government/Mortgage Index measures the performance of the government and mortgage securities markets. The Salomon Brothers World Government Bond Index Non-dollar Hedged is a measure of government bond markets around the world.

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MARKET ENVIRONMENT

During the fourth quarter of 2002 and continuing through the end of May 2003, economic growth worldwide continued to be anemic. That environment kept U.S. interest rates low. It also caused the European Central Bank (ECB) to cut its interest rates twice as the ECB sought to provide a boost for economic activity in that region.

SOLID RETURNS FROM INTERNATIONAL BONDS, CURRENCY POSITIONS, AND TREASURY INFLATION PROTECTED SECURITY (TIPS) The trust outperformed its two benchmark indices because of its holdings in foreign government bonds, its foreign-currency-denominated holdings, and U.S. Treasury Inflation-indexed Notes.

Throughout the period, we added to our international holdings. As a result, the trust benefited from the increased income those securities provided (relative to lower yielding U.S. Treasury securities). (The principal value and interest on Treasury securities are guaranteed by the U.S. government if held to maturity.) and from the capital appreciation that occurred when the ECB cut interest rates.

We chose to leave between 2% to 4% of the trust's international holdings denominated in the euro, a decision that proved to be beneficial to the trust. Although currency represented a small portion of the trust's investments, currency gains made throughout the period made a significant difference in the trust's total return. To illustrate the magnitude of the euro's currency appreciation, the euro was worth approximately \$1.00 on December 1, 2002 and rose to nearly \$1.20 before settling back to \$1.18 at the end of the period. The value of euro-denominated trust holdings rose as the euro appreciated against the U.S. dollar.

A Treasury Inflation-indexed Note, commonly known as a Treasury Inflation Protected Security (TIPS), is issued by the U.S. Treasury with an accrual factor that adjusts to reflect changes in inflation (as measured by the consumer price index (CPI)). Because oil and gas prices are part of the CPI, changes in the price of those commodities influence TIPS' valuations. In the months leading up to the war with Iraq, oil and gas prices rose, TIPS' prices increased, in anticipation of future CPI increases. When the war ended, oil prices pulled back somewhat. As a result, TIPS' values declined but still ended at a higher level than they were at the beginning of the period.

UNDERWEIGHTED MORTGAGE POSITION DAMPENED RESULTS

The trust's slight underweighting in mortgage-backed securities acted as a drag on trust performance. Continued strength in the mortgage market pushed prices higher throughout the period. Although we did not own enough of these securities to benefit fully from that strength, the mortgage-backed securities we did own performed well.

Sincerely,

/s/ Peter C. Vaream

Peter C. Vaream
Portfolio Manager

Note to shareholders: Effective in May 2003, the JP Morgan Non-Dollar Government Bond Index and Lehman Brothers Government Bond Index have been replaced by the Salomon Brothers World Government Bond Index Non-dollar Hedged and the Lehman Brothers Government/Mortgage Index.

Important note to shareholders: Effective May 1, 2002, the trust, under normal market conditions, invests at least 80% of its net assets in U.S. and non-U.S. government securities. However, the trust expects, under normal conditions, to invest at least 65% of its assets in U.S. government securities.

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The opinions expressed in this report are those of the portfolio manager and are current only through the end of the period of the report as stated on the cover. These views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed. Past performance is no guarantee of future results.

It is not possible to invest directly in an index.

The portfolio is actively managed, and current holdings may be different.

PORTFOLIO MANAGER'S PROFILE

PETER C. VAREAM IS VICE PRESIDENT OF MFS INVESTMENT MANAGEMENT (R) (MFS(R)) AND MANAGES THE INVESTMENT-GRADE BOND, GOVERNMENT SECURITIES AND GLOBAL GOVERNMENTS PORTFOLIOS OF OUR MUTUAL FUNDS, VARIABLE ANNUITIES AND INSTITUTIONAL ACCOUNTS. HE IS A MEMBER OF THE MFS FIXED INCOME STRATEGY GROUP.

PETER JOINED MFS IN 1992 AND BECAME A PORTFOLIO MANAGER IN 1993. PREVIOUSLY, HE WAS VICE PRESIDENT IN THE FIXED INCOME DEPARTMENT AT THE FIRST BOSTON CORP. FROM 1986 TO 1992. PRIOR TO THAT, HE SERVED AS A CORPORATE FINANCIAL ANALYST.

PETER EARNED A BACHELOR'S DEGREE IN FINANCE FROM NEW YORK UNIVERSITY. HE IS A MEMBER OF THE LEHMAN BROTHERS INDEX ADVISORY COUNCIL.

ALL PORTFOLIO MANAGERS AT MFS ARE SUPPORTED BY AN INVESTMENT STAFF OF OVER 160 PROFESSIONALS UTILIZING MFS ORIGINAL RESEARCH (R), A GLOBAL, COMPANY-ORIENTED, BOTTOM-UP PROCESS OF SELECTING SECURITIES.

NUMBER OF SHAREHOLDERS

As of May 31, 2003, our records indicate that there are 6,192 registered shareholders and approximately 21,817 shareholders owning trust shares in "street" name, such as through brokers, banks, and other financial intermediaries.

If you are a "street" name shareholder and wish to directly receive our reports, which contain important information about the trust, please write or call:

State Street Bank and Trust Company
c/o MFS Service Center, Inc.
P.O. Box 55024
Boston, MA 02266-5024
1-800-637-2304

OBJECTIVE: To provide a high level of current income.

NEW YORK STOCK EXCHANGE SYMBOL: MGF

In accordance with Section 23(c) of the Investment Company Act of 1940, the trust hereby gives notice that it may from time to time repurchase shares of the trust in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.

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PERFORMANCE SUMMARY

(For the six months ended May 31, 2003)

NET ASSET VALUE PER SHARE

November 30, 2002	\$7.49
May 31, 2003	\$7.73

NEW YORK STOCK EXCHANGE PRICE

November 30, 2002	\$6.77
May 23, 2003 (high)*	\$7.13
December 2, 2002 (low)*	\$6.73
May 31, 2003	\$7.08

* For the period December 1, 2002 through May 31, 2003.

NOTES TO PERFORMANCE SUMMARY

All results are historical. Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost. More recent returns may be more or less than those shown. Past performance is no guarantee of future results.

KEY RISK CONSIDERATIONS

Investments in foreign and/or emerging market securities may be unfavorably affected by interest-rate and currency-exchange-rate changes as well as by market, economic, and political conditions of the countries where investments are made. There may be greater returns but also greater risk than with U.S. investments.

The portfolio may invest in derivative securities which may include futures and options. These types of instruments can increase price fluctuation.

As a nondiversified portfolio, the portfolio invests in a limited number of companies and may have more risk because a change in one security's value may have a more significant effect on the portfolio's net asset value. An investment in the portfolio is not a complete investment program.

Government guarantees apply to the underlying securities only and not to the prices and yields of the portfolio.

These risks may increase share price volatility. Please see the prospectus for further information on these and other risk considerations.

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

MFS offers a Dividend Reinvestment and Cash Purchase Plan that allows you to reinvest either all of the distributions paid by the trust or only the long-term capital gains. Purchases are made at the market price unless that price exceeds the net asset value (the shares are trading at a premium). If the shares are trading at a premium, purchases will be made at a discounted price of either the net asset value or 95% of the market price, whichever is greater. Twice each year you can also buy shares. Investments in any amount over \$100 can be made in January and July on the 15th of the month or shortly thereafter.

If your shares are in the name of a brokerage firm, bank, or other nominee, you

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can ask the firm or nominee to participate in the plan on your behalf. If the nominee does not offer the plan, you may wish to request that your shares be re-registered in your own name so that you can participate.

There is no service charge to reinvest distributions, nor are there brokerage charges for shares issued directly by the trust. However, when shares are bought on the New York Stock Exchange or otherwise on the open market, each participant pays a pro rata share of the commissions. The automatic reinvestment of distributions does not relieve you of any income tax that may be payable (or required to be withheld) on the distributions.

To enroll in or withdraw from the plan, or if you have any questions, call 1-800-637-2304 any business day from 8 a.m. to 8 p.m. Eastern time. Please have available the name of the trust and your account and Social Security numbers. For certain types of registrations, such as corporate accounts, instructions must be submitted in writing. Please call for additional details. When you withdraw, you can receive the value of the reinvested shares in one of two ways: a check for the value of the full and fractional shares, or a certificate for the full shares and a check for the fractional shares.

PORTFOLIO OF INVESTMENTS (Unaudited) -- May 31, 2003

Bonds - 96.8%

ISSUER	PRINCIPAL AMOUNT (000 OMITTED)
U.S. Bonds - 82.7%	
U.S. Government Agencies - 55.0%	
Federal Home Loan Mortgage Corp., 2.875s, 2005	\$ 2,096
Federal Home Loan Mortgage Corp., 3.875s, 2005	5,179
Federal Home Loan Mortgage Corp., 7.5s, 2027 - 2028	845
Federal National Mortgage Assn., 5.5s, 2017	11,774
Federal National Mortgage Assn., 6s, 2008 - 2032	23,388
Federal National Mortgage Assn., 6.5s, 2016 - 2032	51,673
Federal National Mortgage Assn., 6.956s, 2007	5,143
Federal National Mortgage Assn., 7s, 2032	6,469
Federal National Mortgage Assn., 8.5s, 2027	10,100
Federal National Mortgage Assn. TBA 15, 5s, 2018	4,300
Federal National Mortgage Assn. TBA 30, 5.5s, 2033	10,617
Federal National Mortgage Assn. TBA 30, 6s, 2033	37,900
Financing Corp., 10.7s, 2017	4,095
Financing Corp., 9.8s, 2018	4,350
Financing Corp., 10.35s, 2018	6,820
Government National Mortgage Assn., 6.5s, 2028 - 2032	12,442
Government National Mortgage Assn., 7.5s, 2022 - 2032	3,820
Private Export Funding Corp., 7.01s, 2004	3,380
Small Business Administration, 8.875s, 2011	633
Small Business Administration, 6.34s, 2021	1,802
Small Business Administration, 6.35s, 2021	2,327
Small Business Administration, 6.44s, 2021	1,878
Small Business Administration, 6.625s, 2021	1,871
Student Loan Marketing Assn., 5.25s, 2006	3,205
U.S. Department Housing & Urban Development, 6.36s, 2016	1,580
U.S. Department Housing & Urban Development, 6.59s, 2016	5,612

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U.S. Treasury Obligations - 27.7%		
Principal Stripped Payments, 0s, 2023	\$	2,036
U.S. Treasury Bonds, 12.375s, 2004		2,178
U.S. Treasury Bonds, 10.375s, 2009 - 2012###		14,600
U.S. Treasury Bonds, 9.25s, 2016		26,500
U.S. Treasury Bonds, 8.875s, 2017		6,000
U.S. Treasury Bonds, 5.25s, 2028		12,720
U.S. Treasury Bonds, 3.375s, 2032		1,228
U.S. Treasury Notes, 3s, 2007		3,755
U.S. Treasury Notes, 3.25s, 2007		11,853
U.S. Treasury Notes, 3.375s, 2007		9,640
U.S. Treasury Notes, 4.75s, 2008		4,010
U.S. Treasury Notes, 3.625s, 2013		4,517

Total U.S. Bonds

Foreign Bonds - 14.1%

Austria - 0.7%		
Republic of Austria, 5.5s, 2007	EUR	1,204
Republic of Austria, 4.65s, 2018		1,424

Belgium - 0.4%

Kingdom of Belgium, 3.75s, 2009	EUR	500
Kingdom of Belgium, 5s, 2012		810

Bulgaria - 0.2%

Republic of Bulgaria, 8.25s, 2015##	\$	728
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Canada - 1.7%

Government of Canada, 5.25s, 2008	\$	2,735
Government of Canada, 5.5s, 2009	CAD	2,075
Government of Canada, 5.5s, 2010		1,957
Government of Canada, 5.25s, 2012		1,590

Chile - 0.1%

HQI Transelec Chile S.A., 7.875s, 2011 (Utilities - Electric)	\$	314
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Denmark - 0.9%

Kingdom of Denmark, 7s, 2007	DKK	7,938
Kingdom of Denmark, 5s, 2013		12,912
Nordea Kredit Realkredit, 5s, 2035 (Residential Mortgage-Backed)		2,780

Dominican Republic - 0.3%

Dominican Republic, 9.5s, 2006##	\$	601
Dominican Republic, 9.04s, 2013##		889

Finland - 0.8%

Republic of Finland, 2.75s, 2006	EUR	434
Republic of Finland, 3s, 2008		466

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Republic of Finland, 5.375s, 2013		1,897
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France - 0.6%		
Republic of France, 4.75s, 2012	EUR	1,423
Republic of France, 5s, 2016		509
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Germany - 0.7%		
Federal Republic of Germany, 4.75s, 2008	EUR	1,635
Federal Republic of Germany, 4s, 2009		980
<hr style="border-top: 1px dashed #000;"/>		
Ireland - 0.8%		
Republic of Ireland, 4.25s, 2007	EUR	996
Republic of Ireland, 5s, 2013		1,319
Republic of Ireland, 4.6s, 2016		440
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Italy - 0.5%		
Republic of Italy, 4.5s, 2007	EUR	1,501
Republic of Italy, 4.75s, 2013		351
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Kazakhstan		
Kaztransoil Co., 8.5s, 2006 (Oil Services)##	\$	50
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Malaysia - 0.2%		
Petroliam Nasional Berhad, 7.75s, 2015	\$	766
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Mexico - 1.4%		
BBVA Bancomer, 10.5s, 2011 (Banks & Credit Cos.)##	\$	1,502
Pemex Project Funding Master Trust, 9.125s, 2010		184
Petroleos Mexicanos, 9.375s, 2008 (Oil Services)		1,072
United Mexican States, 11.375s, 2016		489
United Mexican States, 8.125s, 2019		1,040
United Mexican States, 11.5s, 2026		796
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Netherlands - 0.7%		
Kingdom of Netherlands, 3.75s, 2009	EUR	360
Kingdom of Netherlands, 5s, 2012		1,966
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New Zealand - 0.7%		
Government of New Zealand, 7s, 2009	NZD	2,754
Government of New Zealand, 6.5s, 2013		1,994
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Norway - 0.3%		
Kingdom of Norway, 5.5s, 2009	NOK	2,655
Kingdom of Norway, 6.5s, 2013		4,248

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Panama - 0.2%		
Republic of Panama, 9.375s, 2029	\$	817

Portugal		
Republic of Portugal, 5.45s, 2013	EUR	145

Russia - 0.4%		
Ministry of Finance, 3s, 2008	\$	140
Ministry of Finance, 12.75s, 2028		441
Mobile Telesystems Finance S.A., 9.75s, 2008 (Telecommunications - Wireless)##		865

Spain - 1.8%		
Kingdom of Spain, 7s, 2005	\$	3,600
Kingdom of Spain, 5.35s, 2011	EUR	2,910

Sweden - 0.2%		
Kingdom of Sweden, 8s, 2007	SEK	1,625
Kingdom of Sweden, 5.25s, 2011		3,955

United Kingdom - 0.5%		
United Kingdom Treasury, 7.25s, 2007	GBP	106
United Kingdom Treasury, 5.75s, 2009		1,239

Total Foreign Bonds		

Total Bonds (Identified Cost, \$404,575,180)		

Rights		

		SHARES

Mexico - Value Recovery Rights (Identified Cost, \$0)		1,354,000

Collateral for Securities Loaned - 1.8%		
Navigator Securities Lending Prime Portfolio, at Identified Cost		\$8,077,265

Short-Term Obligations - 4.8%		

		PRINCIPAL AMOUNT (000 OMITTED)

Federal National Mortgage Assn. Discount Notes, due 6/02/03, at Amortized Cost	\$	21,194

Repurchase Agreement - 10.0%		

Merrill Lynch, dated 05/30/03, due 06/02/03, total to be received \$44,646,836 (secured by various U.S. Treasury and Federal Agency obligations in a jointly traded account), at Cost	\$	44,642

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Total Investments (Identified Cost, \$478,487,709)

Other Assets, Less Liabilities - (13.4)%

 Net Assets - 100.0%

SEC Rule 144A restriction.

Security segregated as collateral for an open futures contract.

Abbreviations have been used throughout this report to indicate amounts shown in currencies other than the U.S. Dollar. A list of abbreviations is shown below:

AUD = Australian Dollars	GBP = British Pounds
CAD = Canadian Dollars	NOK = Norwegian Kroner
DKK = Danish Kroner	NZD = New Zealand Dollars
EUR = Euro	SEK = Swedish Kronor

See notes to financial statements.

Financial Statements

Statement of Assets and Liabilities (Unaudited)

 MAY 31, 2003

Assets:

Investments, at value, including \$7,919,517 of securities on loan (identified cost, \$478,487,709)	\$506,144,821
Cash	36,058
Receivable for forward foreign currency exchange contracts	242,244
Receivable for investments sold	1,649,477
Interest receivable	4,289,414
Receivable for daily variation margin on open futures contracts	1,406

Total assets	\$512,363,420

Liabilities:

Payable for investments purchased	\$ 1,353,176
Payable for TBA purchase commitments	54,447,548
Collateral for securities loaned, at value	8,077,265
Payable to dividend disbursing agent	114,224
Payable for forward foreign currency exchange contracts	1,598,456
Payable to affiliates -	
Management fee	13,575
Administrative fee	429
Accrued expenses and other liabilities	445,878

Total liabilities	\$ 66,050,551

Net assets	\$446,312,869

Net assets consist of:

Paid-in capital	\$453,836,348
Unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	26,004,159
Accumulated net realized loss on investments and foreign currency transactions	(29,817,970)

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Accumulated net investment loss	(3,709,668)

Total	\$446,312,869

Shares of beneficial interest outstanding	
(62,874,486 shares authorized, less 5,104,331 treasury shares)	57,770,155

Net asset value per share	
(net assets / shares of beneficial interest outstanding)	\$7.73

See notes to financial statements.

FINANCIAL STATEMENTS -- continued

Statement of Operations (Unaudited)

SIX MONTHS ENDED MAY 31, 2003

Net investment income:	
Interest income	\$ 9,682,774
Dividends	3,874

Total investment income	\$ 9,686,648

Expenses -	
Management fee	\$ 1,340,311
Trustees' compensation	47,655
Transfer and dividend disbursing agent fee	59,389
Administrative fee	31,872
Investor communication expense	80,814
Custodian fee	106,336
Postage	17,883
Auditing fees	22,225
Printing	16,636
Legal fees	1,756
Miscellaneous	76,803

Total expenses	\$ 1,801,680
Fees paid indirectly	(4,555)

Net expenses	\$ 1,797,125

Net investment income	\$ 7,889,523

Realized and unrealized gain on investments:	
Realized gain (loss) (identified cost basis) -	
Investment transactions	\$ 8,103,803
Futures contracts	48,724
Foreign currency transactions	(3,693,131)

Net realized gain on investments and foreign currency transactions	\$ 4,459,396

Change in unrealized appreciation (depreciation) -	
Investments	\$13,474,407
Futures contracts	(395,651)

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Translation of assets and liabilities in foreign currencies	(984,802)

Net unrealized gain on investments and foreign currency translation	\$12,093,954

Net realized and unrealized gain on investments and foreign currency	\$16,553,350

Increase in net assets from operations	\$24,442,873

See notes to financial statements.

FINANCIAL STATEMENTS -- continued

Statement of Changes in Net Assets

	SIX MONTHS ENDED MAY 31, 2003 (UNAUDITED)	Y NOVEMBER

Increase (decrease) in net assets:		
From operations -		
Net investment income	\$ 7,889,523	\$ 2
Net realized gain on investments and foreign currency transactions	4,459,396	
Net unrealized gain on investments and foreign currency translation	12,093,954	
	-----	-----
Increase in net assets from operations	\$ 24,442,873	\$ 3
	-----	-----
Distributions declared to shareholders -		
From net investment income	\$ (10,929,486)	\$ (2
In excess of net investment income	--	(
	-----	-----
Total distributions declared to shareholders	\$ (10,929,486)	\$ (2
	-----	-----
Cost of shares reacquired	\$ (824,480)	\$ (1
	-----	-----
Total increase (decrease) in net assets	\$ 12,688,907	\$ (
Net assets:		
At beginning of period	433,623,962	43
	-----	-----
At end of period (including accumulated net investment loss of \$3,709,668 and \$669,705, respectively)	\$446,312,869	\$43
	-----	-----

See notes to financial statements.

FINANCIAL STATEMENTS -- continued

The financial highlights table is intended to help you understand the trust's financial performance and the past 5 fiscal years (or, if shorter, the period of the trust's operation). Certain information is presented for a single trust share. The total returns in the table represent the rate by which an investment (or loss) on an investment in the trust (assuming reinvestment of all distributions).

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Financial Highlights

	SIX MONTHS ENDED MAY 31, 2003 (UNAUDITED)	2002	2001	YEAR ENDED NOVEMBER 2000

Per share data (for a share outstanding throughout each year):				
Net asset value - beginning of year	\$ 7.49	\$ 7.32	\$ 7.01	\$ 6.94

Income from investment operations#(S) -				
Net investment income	\$ 0.14	\$ 0.37	\$ 0.42	\$ 0.44
Net realized and unrealized gain (loss) on investments and foreign currency	0.29	0.20	0.31	0.06

Total from investment operations	\$ 0.43	\$ 0.57	\$ 0.73	\$ 0.50

Less distributions declared to shareholders -				
From net investment income	\$ (0.19)	\$ (0.37)	\$ (0.43)	\$ (0.29)
In excess of net investment income	--	(0.05)	--	--
From paid-in capital	--	--	--	(0.20)

Total distributions declared to shareholders	\$ (0.19)	\$ (0.42)	\$ (0.43)	\$ (0.49)

Net increase from repurchase of capital shares	\$ 0.00+++	\$ 0.02	\$ 0.01	\$ 0.06

Net asset value - end of year	\$ 7.73	\$ 7.49	\$ 7.32	\$ 7.01

Per share market value - end of year	\$ 7.08	\$ 6.77	\$ 6.59	\$ 6.19

Total return at market value	7.41%++	9.31%	13.56%	15.24%

Ratios (to average net assets)/				
Supplemental data:				
Expenses##	0.82%+	0.87%	0.90%	0.94%
Net investment income(S)	3.61%+	4.98%	5.82%	6.35%
Portfolio turnover	65%	123%	105%	151%
Net assets at end of year (000 Omitted)	\$446,313	\$433,624	\$436,173	\$422,025

+ Annualized.

++ Not annualized.

+++ Per share amount was less than \$0.01.

Per share data are based on average shares outstanding.

Ratios do not reflect reductions from fees paid indirectly.

(S) As required, effective December 1, 2001, the trust has adopted the provisions of the AICPA Audit and Accounting Manual for Investment Companies and began amortizing premium on debt securities. The effect of this change was to decrease net investment income per share by \$0.02, increase net realized and unrealized gain (loss) on investments and foreign currency per share by \$0.02, and decrease the ratio of net investment income to average net assets by 0.33 percentage points. Supplemental data for periods prior to December 1, 2001 have not been restated to reflect this change.

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS (Unaudited)

(1) Business and Organization

MFS Government Markets Income Trust (the trust) is a non-diversified Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a closed-end management investment company.

(2) Significant Accounting Policies

General - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The trust can invest in foreign securities. Investments in foreign securities are vulnerable to the effects of changes in the relative values of the local currency and the U.S. dollar and to the effects of changes in each country's legal, political, and economic environment.

Investment Valuations - Bonds and other fixed income securities (other than short-term obligations) of U.S. issuers in the trust's portfolio are valued at an evaluated bid price on the basis of quotes from brokers and dealers or on the basis of valuations furnished by a pricing service. Prices obtained from pricing services utilize both dealer-supplied valuations and electronic data processing techniques which take into account appropriate factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data without exclusive reliance upon quoted prices or exchange or over-the-counter prices, since such valuations are believed to reflect more accurately the fair value of such securities. Forward contracts will be valued using a pricing model taking into consideration market data from an external pricing source. Use of the pricing services has been approved by the Board of Trustees. All other securities (other than short-term obligations), including futures contracts in the trust's portfolio for which the principal market is one or more securities or commodities exchanges (whether domestic or foreign) will be valued at the last reported sale price or at the settlement price prior to the determination (or if there has been no current sale, at the closing bid price) on the primary exchange on which such securities, or futures contracts are traded; but if a securities exchange is not the principal market for securities, such securities will, if market quotations are readily available, be valued at current bid prices. Short-term obligations in the trust's portfolio are valued at amortized cost, which constitutes fair value as determined by the Board of Trustees. Short-term obligations with a remaining maturity in excess of 60 days will be valued upon dealer-supplied valuations. Portfolio investments for which market quotations are not readily available, or whose values have been materially affected by events occurring after the close of their primary markets, are valued at fair value as determined in good faith by or at the direction of the Board of Trustees.

Repurchase Agreements - The trust may enter into repurchase agreements with institutions that the trust's investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. The trust requires that the securities collateral in a repurchase transaction be transferred to the custodian in a manner sufficient to enable the trust to obtain those securities in the event of a default under the repurchase agreement. The trust monitors, on a daily basis, the value of the collateral to ensure that its value, including accrued interest, is greater than amounts owed to the trust under each such repurchase agreement. The trust, along with other affiliated entities of Massachusetts Financial Services Company (MFS), may utilize a joint trading account for the purpose of entering into one or more repurchase agreements.

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Foreign Currency Translation - Investment valuations, other assets, and liabilities initially expressed in foreign currencies are converted each business day into U.S. dollars based upon current exchange rates. Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions. Gains and losses attributable to foreign currency exchange rates on sales of securities are recorded for financial statement purposes as net realized gains and losses on investments. Gains and losses attributable to foreign exchange rate movements on income and expenses are recorded for financial statement purposes as foreign currency transaction gains and losses. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

Futures Contracts - The trust may enter into futures contracts for the delayed delivery of securities or currency, or contracts based on financial indices at a fixed price on a future date. In entering such contracts, the trust is required to deposit with the broker either in cash or securities an amount equal to a certain percentage of the contract amount. Subsequent payments are made or received by the trust each day, depending on the daily fluctuations in the value of the contract, and are recorded for financial statement purposes as unrealized gains or losses by the trust. The trust's investment in futures contracts is designed to hedge against anticipated future changes in interest or exchange rates or securities prices. Investments in interest rate futures for purposes other than hedging may be made to modify the duration of the portfolio without incurring the additional transaction costs involved in buying and selling the underlying securities. Investments in currency futures for purposes other than hedging may be made to change the fund's (trust, series) relative position in one or more currencies without buying and selling portfolio assets. Investments in index contracts or contracts on related options for purposes other than hedging, may be made when the trust has cash on hand and wishes to participate in anticipated market appreciation while the cash is being invested. Should interest or exchange rates or securities prices move unexpectedly, the trust may not achieve the anticipated benefits of the futures contracts and may realize a loss.

Security Loans - State Street Bank and Trust Company ("State Street"), as lending agent, may loan the securities of the trust to certain qualified institutions (the "Borrowers") approved by the trust. The loans are collateralized at all times by cash and/or U.S. Treasury securities in an amount at least equal to the market value of the securities loaned. State Street provides the trust with indemnification against Borrower default. The trust bears the risk of loss with respect to the investment of cash collateral.

Cash collateral is invested in short-term securities. A portion of the income generated upon investment of the collateral is remitted to the Borrowers, and the remainder is allocated between the trust and the lending agent. On loans collateralized by U.S. Treasury securities, a fee is received from the Borrower, and is allocated between the trust and the lending agent. Income from securities lending is included in interest income on the Statement of Operations. The dividend and interest income earned on the securities loaned is accounted for in the same manner as other dividend and interest income.

Forward Foreign Currency Exchange Contracts - The trust may enter into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The trust may enter into forward foreign currency exchange contracts for hedging purposes as well as for non-hedging purposes. For hedging purposes, the trust may enter into contracts to deliver or receive foreign currency it will receive from or require for its

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normal investment activities. The trust may also use contracts in a manner intended to protect foreign currency-denominated securities from declines in value due to unfavorable exchange rate movements. For non-hedging purposes, the trust may enter into contracts with the intent of changing the relative exposure of the trust's portfolio of securities to different currencies to take advantage of anticipated changes. The forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded as unrealized until the contract settlement date. On contract settlement date, the gains or losses are recorded as realized gains or losses on foreign currency transactions.

Investment Transactions and Income - Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. All premium and discount is amortized or accreted for financial statement purposes in accordance with generally accepted accounting principles. All discount is accreted for tax reporting purposes as required by federal income tax regulations. Dividends received in cash are recorded on the ex-dividend date. Dividend and interest payments received in additional securities are recorded on the ex-dividend or ex-interest date in an amount equal to the value of the security on such date. Some securities may be purchased on a "when-issued" or "forward delivery" basis, which means that the securities will be delivered to the trust at a future date, usually beyond customary settlement time. The trust may enter in TBA purchase commitments to purchase securities for a fixed unit price at a future date. Although the unit price has been established, the principal value has not been finalized. However, the principal amount of the commitments will not fluctuate more than 1.0%. The trust holds, and maintains until settlement date, cash or high-grade debt obligations in an amount sufficient to meet the purchase price, or the trust may enter into offsetting contracts for the forward sale of other securities it owns. Income on the securities will not be earned until settlement date. TBA purchase commitments may be considered securities in themselves, and involve a risk of loss if the value of the security to be purchased declines prior to settlement date, which is in addition to the risk of decline in the value of the trusts' other assets. Unsettled TBA purchase commitments are valued at the current market value of the underlying securities, according to the procedures described under "Investment Valuations" above. The trust may enter into "TBA" (to be announced) sale commitments to hedge its portfolio positions or to sell mortgage-backed securities it owns under delayed delivery arrangements. Proceeds of TBA sale commitments are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment deliverable on or before the sale commitment date, are held as "cover" for the transaction.

Fees Paid Indirectly - The trust's custody fee is reduced according to an arrangement that measures the value of cash deposited with the custodian by the trust. This amount is shown as a reduction of total expenses on the Statement of Operations.

Tax Matters and Distributions - The trust's policy is to comply with the provisions of the Internal Revenue Code (the Code) applicable to regulated investment companies and to distribute to shareholders all of its net taxable income, including any net realized gain on investments. Accordingly, no provision for federal income or excise tax is provided.

Distributions to shareholders are recorded on the ex-dividend date. The trust distinguishes between distributions on a tax basis and a financial reporting basis and only distributions in excess of tax basis earnings and profits are reported in the financial statements as distributions from paid-in capital. Differences in the recognition or classification of income between the financial statements and tax earnings and profits, which result in temporary over-distributions for financial statement purposes, are classified as distributions in excess of net investment income or net realized gains. Common

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types of book and tax differences that could occur include differences in accounting for currency transactions, mortgage-backed securities, derivatives, capital losses and amortization and accretion on debt securities.

The tax character of distributions declared for the years ended November 30, 2002 and November 30, 2001 was as follows:

	NOVEMBER 30, 2002	NOVEMBER 30, 2001

Distributions declared from:		
Ordinary income	\$24,666,472	\$24,788,702
Long-term capital gain	--	793,612
	-----	-----
Total distributions declared	\$24,666,472	\$25,582,314
	-----	-----

As of November 30, 2002, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed ordinary income	\$ 313,291
Capital loss carryforward	(29,788,263)
Unrealized appreciation	9,384,343
Other temporary differences	(1,243,845)

For federal income tax purposes, the capital loss carryforward may be applied against any net taxable realized gains of each succeeding year until the earlier of its utilization or expiration on:

EXPIRATION DATE	

November 30, 2002	\$ (3,190,833)
November 30, 2004	(196,662)
November 30, 2005	(8,818,381)
November 30, 2007	(11,594,208)
November 30, 2008	(5,988,179)

Total	\$ (29,788,263)

(3) Transactions with Affiliates

Investment Adviser - The trust has an investment advisory agreement with Massachusetts Financial Services Company (MFS) to provide overall investment advisory and administrative services, and general office facilities. The management fee is computed daily and paid monthly at an annual rate of 0.32% of the trust's average daily net assets and 5.33% of investment income.

The trust pays compensation to the Independent Trustees ("Trustees") in the form of both a retainer and attendance fees, and pays no compensation directly to its Trustees who are officers of the investment adviser, or to officers of the trust, all of whom receive remuneration for their services to the trust from MFS. Certain officers and Trustees of the trust are officers or directors of MFS and MFS Service Center, Inc. (MFSC). On January 1, 2002, the Trustees terminated the Independent Trustee unfunded defined benefit plan for active Trustees and converted it to an unfunded retirement benefit deferral plan for active Trustees. Under the new plan, the unfunded pension liability was converted into an equivalent value of notional shares of the trust that will fluctuate with the performance of the trust. Included in Trustees' compensation is a net increase of \$9,107 as a result of the change in the trust's pension liability under this plan and a pension expense of \$7,886 for inactive trustees for the six months ended May 31, 2003.

Administrator - The trust has an administrative services agreement with MFS to

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provide the fund trust with certain financial, legal, shareholder communications, compliance, and other administrative services. As a partial reimbursement for the cost of providing these services, the trust pays MFS an administrative fee at the following annual percentages of the fund's trust's average daily net assets:

First \$2 billion	0.0175%
Next \$2.5 billion	0.0130%
Next \$2.5 billion	0.0005%
In excess of \$7 billion	0.0000%

Transfer Agent - MFSC acts as registrar and dividend disbursing agent for the Trust. The agreement provides that the Trust will pay MFSC an account maintenance fee of no more than \$9.00 and a dividend services fee of \$0.75 per reinvestment and will reimburse MFSC for reasonable out-of-pocket expenses.

(4) Portfolio Securities

Purchases and sales of investments, other than purchased option transactions and short-term obligations, were as follows:

	PURCHASES	SALES
U.S. government securities	\$229,458,516	\$217,103,050
Investments (non-U.S. government securities)	\$ 41,253,340	\$ 57,516,582

The cost and unrealized appreciation and depreciation in the value of the investments owned by the trust, as computed on a federal income tax basis, are as follows:

Aggregate cost	\$484,159,962
Gross unrealized appreciation	\$ 23,091,863
Gross unrealized depreciation	(1,107,004)
Net unrealized appreciation	\$ 21,984,859

(5) Shares of Beneficial Interest

The trust's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. The Trustees have authorized 62,874,486 full and fractional shares of beneficial interest and have authorized the repurchase by the trust of up to 10% of its own shares of beneficial interest. The trust repurchased 119,200 shares of beneficial interest during the six months ended May 31, 2003 at an average price per share of \$6.92 and a weighted average discount of 8.45% per share. The trust repurchased 1,733,400 shares of beneficial interest during the year ended November 30, 2002, at an average price per shares of \$6.55 and a weighted average discount of 9.44% per share. Transactions in trust shares were as follows:

	SIX MONTHS ENDED MAY 31, 2003		YEAR ENDED NOVEMBER 30, 2002	
	SHARES	AMOUNT	SHARES	AMOUNT
Treasury shares reacquired	(119,200)	\$(824,480)	(1,733,400)	\$(11,350,955)

(6) Line of Credit

The trust and other affiliated funds participate in an \$800 million unsecured line of credit provided by a syndication of banks under a line of credit

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agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the bank's base rate. A commitment fee of \$1,700 which is based on the average daily unused portion of the line of credit is included in miscellaneous expense. The trust had no significant borrowings during the period.

(7) Financial Instruments

The trust trades financial instruments with off-balance-sheet risk in the normal course of its investing activities in order to manage exposure to market risks such as interest rates and foreign currency exchange rates. These financial instruments include forward foreign currency exchange contracts and futures contracts. The notional or contractual amounts of these instruments represent the investment the trust has in particular classes of financial instruments and does not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered.

Forward Foreign Currency Exchange Contracts

SETTLEMENT DATE	CONTRACTS TO DELIVER/RECEIVE	IN EXCHANGE FOR	CONTRACTS AT VALUE
<hr style="border-top: 1px dashed black;"/>			
SALES			
6/16/2003	AUD 1,714,632	\$ 1,055,404	\$ 1,115,670
6/16/2003	CAD 5,608,016	3,938,931	4,089,493
6/16/2003	DKK 22,644,085	3,339,836	3,587,053
6/16/2003 - 6/30/2003	EUR 12,658,096	14,052,129	14,879,406
6/16/2003	GBP 1,344,250	2,110,473	2,200,646
6/16/2003	NOK 7,811,029	1,117,799	1,166,003
6/16/2003	NZD 5,100,149	2,853,642	2,933,871
6/16/2003	SEK 10,456,458	1,252,121	1,346,649
		-----	-----
		\$29,720,335	\$31,318,791
		-----	-----
PURCHASES			
6/16/2003	AUD 3,466,132	\$ 2,238,784	\$ 2,255,329
6/16/2003	CAD 1,258,987	909,162	918,082
6/16/2003 - 6/30/2003	EUR 4,390,417	4,955,088	5,160,875
6/16/2003	NOK 662,251	98,696	98,859
6/16/2003	SEK 6,342,572	806,008	816,837
		-----	-----
		\$ 9,007,738	\$ 9,249,982
		-----	-----

Futures Contracts

DESCRIPTION	EXPIRATION	CONTRACTS	POSITION
<hr style="border-top: 1px dashed black;"/>			
U.S. Treasury Notes 10 Yr. Futures	June 2003	90	Short

At May 31, 2003, the trust had sufficient cash and/or securities to cover any

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margin requirements under these contracts.

(8) Change in Accounting Principle

As required, effective December 1, 2001, the fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium on debt securities. Prior to December 1, 2001, the fund did not amortize premium on debt securities. The cumulative effect of this accounting change had no impact on total net assets of the fund, but resulted in a \$4,368,448 decrease in cost of securities and a corresponding \$4,368,448 increase in net unrealized appreciation, based on securities held by the fund on December 1, 2001.

The effect of this change for the year ended November 30, 2002 was to decrease net investment income by \$1,420,001, increase net unrealized appreciation by \$418,264, and increase net realized gains by \$1,001,737. The Statement of Changes in Net Assets and Financial Highlights for prior periods has not been restated to reflect this change in presentation.

MFS(R) GOVERNMENT MARKETS INCOME TRUST

The following tables present certain information regarding the Trustees and officers of the Trust, their principal occupations, which, unless specific dates are shown, are of more than five years' although the titles may not have been the same throughout.

NAME, AGE, POSITION WITH THE TRUST, PRINCIPAL OCCUPATION, AND OTHER DIRECTORSHIPS(1)

INTERESTED TRUSTEES

JEFFREY L. SHAMES(2) (born 06/02/55)
Chairman
Massachusetts Financial Services Company, Chairman

JOHN W. BALLEEN(2) (born 09/12/59)
Trustee and President
Massachusetts Financial Services Company, Chief
Executive Officer and Director

KEVIN R. PARKE(2) (born 12/14/59)
Trustee
Massachusetts Financial Services Company,
President, Chief Investment Officer, and Director

INDEPENDENT TRUSTEES

LAWRENCE H. COHN, M.D. (born 03/11/37)
Trustee
Brigham and Women's Hospital, Chief of Cardiac
Surgery; Harvard Medical School, Professor of
Surgery

WILLIAM R. GUTOW (born 09/27/41)
Trustee
Private investor and real estate consultant;
Capitol Entertainment Management Company (video
franchise), Vice Chairman

J. ATWOOD IVES (born 05/01/36)
Trustee
Private investor; KeySpan Corporation (energy
related services), Director; Eastern Enterprises

ABBY M. O'NEILL (born 04/27/28)
Trustee
Private investor; Rockefeller Financial
Inc. (investment advisers), Chairman and
Executive Officer

LAWRENCE T. PERERA (born 06/23/35) Trust
Hemenway & Barnes (attorneys),
Partner

WILLIAM J. POORVU (born 04/10/35)
Trustee
Private investor; Harvard University Gra
School of Business Administration, Class
Adjunct Professor in Entrepreneurship Em
CBL & Associates Properties, Inc. (real
investment trust), Director

J. DALE SHERRATT (born 09/23/38)
Trustee
Insight Resources, Inc. (acquisition pla
specialists), President; Wellfleet Inves
(investor in health care companies), Man
General Partner (since 1993); Cambridge
Nutraceuticals (professional nutritional
products), Chief Executive Officer (unti
2001)

ELAINE R. SMITH (born 04/25/46)
Trustee
Independent health care industry consult

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(diversified services company), Chairman, Trustee
and Chief Executive Officer (until November 2000)

WARD SMITH (born 09/13/30)
Trustee
Private investor

- (1) Directorships or trusteeships of companies required to report to the Securities and Exchange (i.e., "public companies").
- (2) "Interested person" of MFS within the meaning of the Investment Company Act of 1940 (referred to as the 1940 Act) which is the principal federal law governing investment companies like the Trust. The Trust is located at 500 Boylston Street, Boston, Massachusetts 02116.

OFFICERS

JEFFREY L. SHAMES (born 06/02/55)
Chairman
Massachusetts Financial Services Company, Chairman

JOHN W. BALLEEN (born 09/12/59)
Trustee and President
Massachusetts Financial Services Company, Chief
Executive Officer and Director

JAMES R. BORDEWICK, JR. (born 03/06/59)
Assistant Secretary and Assistant Clerk
Massachusetts Financial Services Company, Senior
Vice President and Associate General Counsel

STEPHEN E. CAVAN (born 11/06/53)
Secretary and Clerk
Massachusetts Financial Services Company, Senior
Vice President, General Counsel and Secretary

STEPHANIE A. DESISTO (born 10/01/53)
Assistant Treasurer
Massachusetts Financial Services Company, Vice
President (since April 2003); Brown Brothers
Harriman & Co., Senior Vice President (November
2002 to April 2003); ING Groep N.V./Aeltus
Investment Management, Senior Vice President
(prior to November 2002)

ROBERT R. FLAHERTY (born 09/18/63)
Assistant Treasurer
Massachusetts Financial Services Company
President (since August 2000); UAM Fund
Senior Vice President (prior to August 2000)

RICHARD M. HISEY (born 08/29/58)
Treasurer
Massachusetts Financial Services Company
Vice President (since July 2002); The Bank of
New York, Senior Vice President (September 2000 to
July 2002); Lexington Global Asset Management
Executive Vice President and Chief Financial
Officer, General Manager, Mutual Funds (since
September 2000)

ELLEN MOYNIHAN (born 11/13/57)
Assistant Treasurer
Massachusetts Financial Services Company
President

JAMES O. YOST (born 06/12/60)
Assistant Treasurer
Massachusetts Financial Services Company
Vice President

The Trust holds annual shareholder meetings for the purpose of electing Trustees, and Trustees are elected for fixed terms. The Board of Trustees currently is divided into three classes, each having a term of one year. Each year the term of one class expires. Each Trustee's term of office expires on the date of the next meeting following the election to office of the Trustee's class. Each Trustee will serve until the date of his or her earlier death, resignation, retirement or removal.

Messrs. Shames, Cohn, Sherratt and Smith, and Ms. O'Neill have served in their capacity as Trustees of the Trust continuously since originally elected or appointed. Messrs. Ballen, Gutow, Ives, Perera and Ms. Smith were elected by shareholders and have served as Trustees of the Trust since January 1, 2002. Parke has served as Trustee of the Trust since January 1, 2002.

Each of the Trust's Trustees and officers holds comparable positions with certain other funds of the Trust. A subsidiary of the Trust is the investment adviser or distributor and, in the case of the officers, with certain other affiliates of MFS. Each Trustee serves as a board member of 112 funds within the MFS Family of Funds.

The Statement of Additional Information contains further information about the Trustees and is available without charge upon request, by calling 1-800-225-2606.

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INVESTMENT ADVISER
Massachusetts Financial Services Company
500 Boylston Street
Boston, MA 02116-3741

PORTFOLIO MANAGER
Peter C. Vaream+

CUSTODIANS
State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02110

JP Morgan Chase Bank
One Chase Manhattan Plaza
New York, NY 10081

+ MFS Investment Management

MFS(R) GOVERNMENT MARKETS
INCOME TRUST

[MFS LOGO]
INVESTMENT MANAGEMENT

500 Boylston Street
Boston, MA 02116-3741

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500 Boylston Street, Boston, MA 02116.

TRANSFER AGENT, REGISTRAR, AND
DIVIDEND DISBURSING AGENT

State Street Bank and Trust
Company
c/o MFS Service Center, Inc.
P.O. Box 55024
Boston, MA 02205-5024
1-800-637-2304

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ITEM 2. CODE OF ETHICS.

Not applicable at this time. Applicable for annual reports filed for fiscal years ending on or after July 15, 2003.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable at this time. Applicable for annual reports filed for fiscal years ending on or after July 15, 2003.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable at this time. Applicable for annual reports filed for the first fiscal year ending after December 15, 2003.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

If applicable, not applicable at this time. Applicable for annual reports covering periods ending on or after the compliance date for the listing standards applicable to the particular issuer. Listed issuers must be in

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compliance with the new listing rules by the earlier of the registrant's first annual shareholders meeting after January 15, 2004 or October 31, 2004.

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

If applicable, not applicable at this time. Applicable for annual reports filed on or after July 1, 2003.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES.

- (a) Based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this Form N-CSR, the registrant's principal financial officer and principal executive officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.
- (b) There were no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

ITEM 10. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

- (a) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable.
- (b) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2): Attached hereto.

[If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for the purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference: Attached hereto.][The submission of Section 906 certifications has been proposed by the SEC, but has not yet been finalized. The SEC has encouraged issuers to submit Section 906 certifications as an exhibit to Form N-CSR until the final rule has been adopted. Please see Proposed Rule: Certification of Disclosure in Certain Exchange Act Reports, Release No. 33-8212 (March 21, 2003)].

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the

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Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) MFS GOVERNMENT MARKETS INCOME TRUST

By (Signature and Title)* /s/ JOHN W. BALLEEN

John W. Ballen, President

Date: July 24, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ JOHN W. BALLEEN

John W. Ballen, President
(Principal Executive Officer)

Date: July 24, 2003

By (Signature and Title)* /s/ RICHARD M. HISEY

Richard M. Hisey, Treasurer
(Principal Financial Officer and Accounting Officer)

Date: July 24, 2003

* Print name and title of each signing officer under his or her signature.