MFS INVESTMENT MANAGEMENT

MFS® International Value Portfolio

MFS® Variable Insurance Trust II

ANNUAL REPORT

December 31, 2011

FCG-ANN

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The report is prepared for the general information of contract owners. It is authorized for distribution to prospective investors only when preceded or accompanied by a current prospectus.

LETTER FROM THE CHAIRMAN AND CEO

Dear Contract Owners:

We are indeed living through some volatile times. Economic uncertainty is everywhere, as it seems no place in the world has been unmoved by crisis. We have seen a devastating earthquake and tsunami that have led to disruptions in the Japanese markets

and supply chains. Protests have changed the face of the Middle East and left in their wake lingering tensions and resultant higher oil prices. We have seen debt limits tested in Europe and the United States and policymakers grappling to craft often unpopular monetary and fiscal responses at a time when consumers and businesses struggle with what appears to be a slowing global economy. On top of all of that, we have seen long-term U.S. debt lose its Standard & Poor's AAA rating and the long-term debt ratings of 15 eurozone nations put on negative watch.

When markets become volatile, managing risk becomes a top priority for investors and their advisors. At MFS® risk management is foremost in our minds in all market climates. Our analysts and portfolio managers keep risks firmly in mind when evaluating securities. Additionally, we have a team of quantitative analysts that measures and assesses the risk profiles of our portfolios and securities on an ongoing basis. The chief investment risk officer, who oversees the team, reports directly to the firm's president and chief investment officer so the risk associated with each portfolio can be assessed objectively and independently of the portfolio management team.

As always, we continue to be mindful of the many economic challenges faced at the local, national, and international levels. It is in times such as these that we want to remind investors of the merits of maintaining a long-term view, adhering to basic investing principles such as asset allocation and diversification, and working closely with their advisors to research and identify appropriate investment opportunities.

Respectfully,

Robert J. Manning
Chairman and Chief Executive Officer
MFS Investment Management®

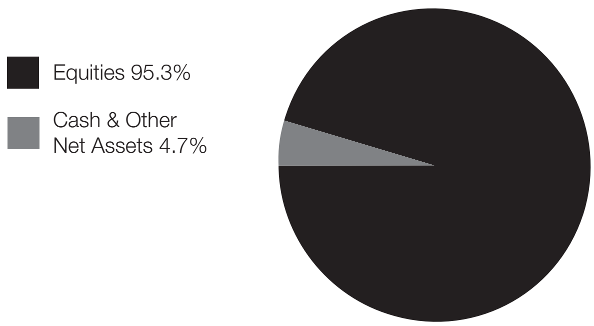
February 15, 2012

The opinions expressed in this letter are subject to change, may not be relied upon for investment advice, and no forecasts can be guaranteed.

MFS International Value Portfolio

PORTFOLIO COMPOSITION

Portfolio structure



Top ten holdings

Royal Dutch Shell PLC, "A"	3.1%
GlaxoSmithKline PLC	3.1%
Nestle S.A.	2.9%
Vodafone Group PLC	2.9%
KDDI Corp.	2.9%
British American Tobacco PLC	2.7%
Kao Corp.	2.7%
Heineken N.V.	2.7%
BP PLC	2.7%
Roche Holding AG	2.5%

Equity sectors

Consumer Staples	19.4%
Health Care	15.2%
Financial Services	14.6%
Utilities & Communications	8.6%
Technology	7.6%
Energy	7.6%
Special Products & Services	5.6%
Industrial Goods & Services	4.7%
Basic Materials	3.4%
Retailing	2.9%
Leisure	2.6%
Autos & Housing	1.6%
Transportation	1.5%

Issuer country weightings (x)

United Kingdom	27.1%
Japan	26.6%
Switzerland	12.0%
Germany	7.2%
France	7.1%
Netherlands	5.0%
United States	4.7%
Taiwan	1.7%
South Korea	1.3%
Other Countries	7.3%

Currency exposure weightings (i)(y)

British Pound Sterling	27.1%
Japanese Yen	26.2%
Euro	21.6%
Swiss Franc	12.0%
United States Dollar	5.1%
Taiwan Dollar	1.7%
South Korean Won	1.3%
Swedish Krona	1.1%
Australian Dollar	1.0%
Other Currencies	2.9%

(i) For purposes of this presentation, the components include the market value of securities, less any securities sold short, and reflect the impact of the equivalent exposure of derivative positions, if applicable. These amounts may be negative from time to time. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than market value.

(x) Represents the portfolio's exposure to issuer countries as a percentage of a portfolio's total net assets.

(y) Represents the portfolio's exposure to a particular currency as a percentage of a portfolio's total net assets.

Percentages are based on net assets as of 12/31/11.

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

MANAGEMENT REVIEW

Summary of Results

For the twelve months ended December 31, 2011, Initial Class shares of the MFS International Value Portfolio (the “fund”) provided a total return of −1.52%, while Service Class shares of the fund provided a total return of −1.78%. These compare with a return of −11.65% for the fund’s benchmark, the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, Far East) Value Index.

Market Environment

Early in the period, the U.S. Federal Reserve (the “Fed”) responded to weak economic growth by loosening monetary policy further. More easing by the Fed improved market sentiment and drove risk-asset prices markedly higher. The December 2010 agreement on a surprisingly large (relative to expectations) expansionary U.S. fiscal package also boosted sentiment. During the subsequent several months, the renewed positive market sentiment, coupled with better indications of global macroeconomic activity, pushed many asset valuations to post-crisis highs. At the same time, the yields of the perceived “safest” global sovereign credits rose, indicating a renewed risk-seeking environment.

However, towards the middle of the period, a weakening macroeconomic backdrop and renewed concerns over peripheral euro zone sovereign debt caused a flight-to-quality move that pushed high-quality sovereign bond yields lower. In the U.S., concerns about sovereign debt default and the long-term sustainability of the trend in U.S. fiscal policy resulted in one agency downgrading U.S. credit quality. Amidst this turmoil, global equity markets declined sharply. As a result of these developments, global consumer and producer sentiment indicators fell precipitously and highly-rated sovereign bond yields hit multi-decade lows. Towards the end of the reporting period, uncertainty in financial markets spiked higher as markets more seriously contemplated the possible failure of the euro zone.

Contributors to Performance

An overweight position in the *consumer staples* sector contributed to performance relative to the MSCI EAFE Value Index. Holdings of tobacco distributor British American Tobacco [(b)] (United Kingdom) and Japanese tobacco company Japan Tobacco [(b)] aided relative results as both stocks outperformed the benchmark over the reporting period. Shares of British American Tobacco rose throughout the period as the company benefited from increased sales volume due to their new Dunhill product launch and a reversal of a tax increase on cigarettes by the Turkish government.

A combination of stock selection and an underweight position in the *financial services* sector also aided relative performance. No individual securities within this sector were among the fund’s top relative contributors for the reporting period.

A combination of stock selection and an overweight position in the *health care* sector supported relative results. Holdings of Swiss pharmaceutical and diagnostic company Roche Holding [(b)] and pharmaceutical firm GlaxoSmithKline (United Kingdom) were top relative contributors within this sector. Shares of Roche Holding rose primarily due to positive results from the trial of their new cancer treatment drug Pertuzumab and a limited number of patents expiring in the upcoming year.

Stock selection in the *utilities & communications* and *special products & services* sectors also contributed to relative performance. Within *utilities & communications*, the fund’s overweight position in telecommunications company KDDI (Japan), and avoiding shares of poor-performing electric power company Tokyo Electric Power (Japan), helped relative returns. In the *special products & services* sector, holdings of distribution and outsourcing service provider Bunzl [(b)] (United Kingdom) also supported positive results.

Elsewhere, the fund’s holdings of convenience store chain Lawson [(b)] (Japan) and parcel delivery Yamato Holdings (Japan) were among the fund’s top relative contributors. Shares of Lawson rose due to robust revenue growth late in the reporting period driven by price increases on tobacco products in Japan. Management also raised full year dividend estimates by nearly 3% which further supported the stock’s performance.

The fund’s cash position was also a contributor to relative performance. The fund holds cash to buy new holdings and to provide liquidity. In a period when equity markets declined, as measured by the fund’s benchmark, holding cash helped performance versus the benchmark, which has no cash position.

Detractors from Performance

An underweight allocation to the *energy* sector held back relative performance. The timing of the fund’s ownership in shares of global energy and petrochemicals company Royal Dutch Shell (United Kingdom) detracted from relative results. Not holding integrated oil company Total (France) also dampened relative returns as the stock outperformed the benchmark during the reporting period. Shares of Total appreciated late in the period as the company reported profits that beat general consensus estimates, driven by better-than-expected downstream performance, higher prices, and improved refining results.

Management Review – continued

Other individual stocks that hindered relative results included information technology products and electronics maker Acer [(h)] (Taiwan), investment banking firm Daiwa Securities Group (Japan), and Hong Kong-headquartered retailer Esprit Holdings. Not holding Swiss pharmaceutical company Novartis, pharmaceutical firm AstraZeneca (United Kingdom), and Australian financial services firm Commonwealth Bank of Australia also weakened relative performance as all three stocks outperformed the benchmark over the reporting period. Holdings of copy machine manufacturer Konica Minolta Holdings (Japan) and financial services firm HSBC Holdings (United Kingdom) were also among the top relative detractors for the period.

Respectfully,

Benjamin Stone	Barnaby Wiener
Portfolio Manager	Portfolio Manager

(b) Security is not a benchmark constituent.

(h) Security was not held in the fund at period end.

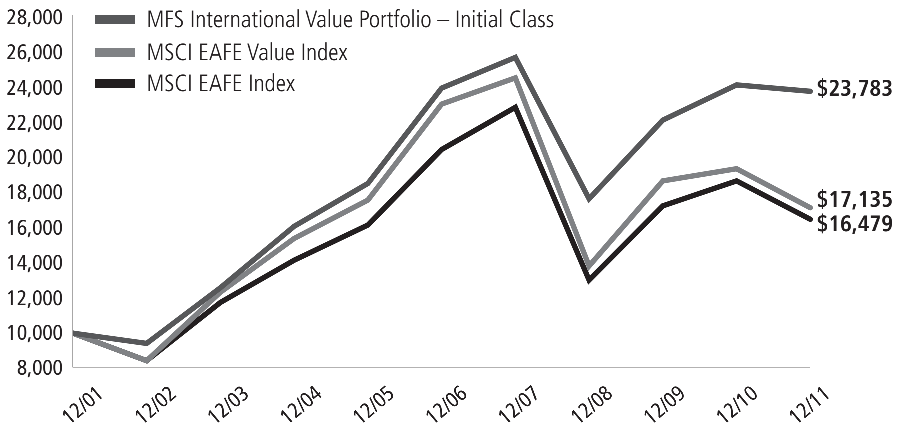
The views expressed in this report are those of the portfolio managers only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or other conditions, and MFS disclaims any responsibility to update such views. These views may not be relied upon as investment advice or an indication of trading intent on behalf of any MFS portfolio. References to specific securities are not recommendations of such securities, and may not be representative of any MFS portfolio's current or future investments.

PERFORMANCE SUMMARY THROUGH 12/31/11

The following chart illustrates the historical performance of the fund in comparison to its benchmark(s). Benchmarks are unmanaged and may not be invested in directly. Benchmark returns do not reflect any fees or expenses. The performance of other share classes will be greater than or less than that of the class depicted below. (See Notes to Performance Summary.)

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value fluctuate so your units, when sold, may be worth more or less than the original cost; current performance may be lower or higher than quoted. The performance shown does not reflect the deduction of taxes, if any, that a contract holder would pay on fund distributions or the redemption of contract units. The returns for the fund shown also do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges imposed by the insurance company separate accounts. Such expenses would reduce the overall returns shown.

Growth of a Hypothetical $10,000 Investment



Total Returns through 12/31/11

Average annual total returns

Share class	Class inception date	1-yr	5-yr	10-yr
Initial Class	10/02/95	(1.52)%	(0.16)%	9.05%
Service Class	8/24/01	(1.78)%	(0.42)%	8.79%

Comparative benchmarks

	1-yr	5-yr	10-yr
MSCI EAFE Value Index (f)	(11.65)%	(5.77)%	5.53%
MSCI EAFE Index (f)	(11.73)%	(4.26)%	5.12%

(f) Source: FactSet Research Systems Inc.

Benchmark Definitions

MSCI EAFE (Europe, Australasia, Far East) Index – a market capitalization-weighted index that is designed to measure equity market performance in the developed markets, excluding the U.S. and Canada.

MSCI EAFE (Europe, Australasia, Far East) Value Index – a market capitalization-weighted index that is designed to measure equity market performance for value securities in the developed markets, excluding the U.S. and Canada.

It is not possible to invest directly in an index.

Notes to Performance Summary

Average annual total return represents the average annual change in value for each share class for the periods presented.

Performance results reflect any applicable expense subsidies and waivers in effect during the periods shown. Without such subsidies and waivers the fund's performance results would be less favorable. Please see the prospectus and financial statements for complete details. All results are historical and assume the reinvestment of any dividends and capital gains distributions.

Performance results do not include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles and may differ from amounts reported in the financial highlights.

From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

EXPENSE TABLE

Fund Expenses Borne by the Contract Holders During the Period, July 1, 2011 through December 31, 2011

As a contract holder of the fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period July 1, 2011 through December 31, 2011.

Actual Expenses

The first line for each share class in the following table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line for each share class in the following table provides information about hypothetical account values and hypothetical expenses based on the fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits under variable annuity and variable life insurance contracts and to qualified pension and retirement plans only, and will not help you determine the relative total costs of investing in the fund through variable annuity and variable life insurance contracts. If the fees and expenses imposed under the variable contracts were included, your costs would have been higher.

Share Class		Annualized Expense Ratio	Beginning Account Value 7/01/11	Ending Account Value 12/31/11	Expenses Paid During Period (p) 7/01/11-12/31/11
Initial Class	Actual	1.01%	$1,000.00	$922.10	$4.89
	Hypothetical (h)	1.01%	$1,000.00	$1,020.11	$5.14
Service Class	Actual	1.26%	$1,000.00	$920.21	$6.10
	Hypothetical (h)	1.26%	$1,000.00	$1,018.85	$6.41

(h) 5% class return per year before expenses.

(p) Expenses paid is equal to each class' annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by the number of days in the period, divided by the number of days in the year.

PORTFOLIO OF INVESTMENTS – 12/31/11

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Issuer	Shares/Par	Value ($)
COMMON STOCKS – 95.3%		
Aerospace – 1.0%		
Cobham PLC	1,553,858	$ 4,408,959
Alcoholic Beverages – 2.7%		
Heineken N.V.	260,955	$ 12,047,100
Automotive – 0.8%		
USS Co. Ltd.	38,920	$ 3,519,335
Broadcasting – 1.9%		
Fuji Television Network, Inc.	2,709	$ 4,107,318
Nippon Television Network Corp.	27,470	4,204,191
		$ 8,311,509
Brokerage & Asset Managers – 1.4%		
Computershare Ltd.	315,587	$ 2,585,488
Daiwa Securities Group, Inc.	1,208,000	3,766,662
		$ 6,352,150
Business Services – 5.6%		
Amadeus IT Holding S.A.	308,627	$ 4,985,708
Brenntag AG	22,623	2,101,638
Bunzl PLC	405,403	5,547,272
Compass Group PLC	758,585	7,182,601
Nomura Research, Inc.	228,600	5,167,780
		$ 24,984,999
Chemicals – 1.2%		
Givaudan S.A.	5,573	$ 5,289,505
Computer Software – 0.8%		
OBIC Co. Ltd.	19,130	$ 3,660,971
Computer Software – Systems – 1.9%		
Asustek Computer, Inc.	214,640	$ 1,527,624
Konica Minolta Holdings, Inc.	428,500	3,195,518
Nintendo Co. Ltd.	14,500	1,996,882
Venture Corp. Ltd.	354,000	1,692,148
		$ 8,412,172
Construction – 0.8%		
Geberit AG	18,741	$ 3,611,329
Consumer Products – 6.1%		
Henkel KGaA, IPS	118,194	$ 6,821,050
Kao Corp.	441,900	12,073,739
KOSE Corp.	97,800	2,451,035
Reckitt Benckiser Group PLC	115,548	5,694,013
		$ 27,039,837
Containers – 0.4%		
Brambles Ltd.	253,454	$ 1,856,107
Electrical Equipment – 1.5%		
Legrand S.A.	144,782	$ 4,638,159
Spectris PLC	103,160	2,057,527
		$ 6,695,686

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Electronics – 3.5%		
ASM International N.V.	47,646	$ 1,398,447
Halma PLC	510,641	2,611,415
Samsung Electronics Co. Ltd.	6,014	5,523,274
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	463,237	5,980,390
		$ 15,513,526
Energy – Independent – 1.8%		
Cairn Energy PLC (a)	1,010,137	$ 4,161,875
INPEX Corp.	623	3,925,620
		$ 8,087,495
Energy – Integrated – 5.8%		
BP PLC	1,656,569	$ 11,813,416
Royal Dutch Shell PLC, "A"	375,661	13,810,291
		$ 25,623,707
Food & Beverages – 5.7%		
Barry Callebaut AG	1,346	$ 1,326,225
Groupe Danone	170,684	10,729,494
Nestle S.A.	225,850	12,966,684
		$ 25,022,403
Food & Drug Stores – 2.3%		
Lawson, Inc.	102,200	$ 6,380,031
Tesco PLC	583,895	3,658,440
		$ 10,038,471
General Merchandise – 0.2%		
Daiei, Inc. (a)	228,450	$ 825,115
Insurance – 5.8%		
Amlin PLC	280,214	$ 1,361,522
Catlin Group Ltd.	281,944	1,739,588
Euler Hermes	19,390	1,148,120
Hiscox Ltd.	535,831	3,098,873
ING Groep N.V. (a)	499,203	3,557,436
Jardine Lloyd Thompson Group PLC	214,029	2,291,809
Muenchener Ruckvers AG	18,871	2,314,888
SNS REAAL Groep N.V. (a)	221,946	481,422
Swiss Re Ltd.	98,405	5,015,062
Zurich Financial Services Ltd.	20,795	4,695,830
		$ 25,704,550
Leisure & Toys – 0.4%		
Sankyo Co. Ltd.	34,500	$ 1,745,842
Machinery & Tools – 2.2%		
Glory Ltd.	103,400	$ 2,225,982
Neopost S.A. (l)	67,887	4,560,830
Schindler Holding AG	24,107	2,807,735
		$ 9,594,547
Major Banks – 3.2%		
HSBC Holdings PLC	956,988	$ 7,264,703

Issuer	Shares/Par	Value ($)
COMMON STOCKS – continued		
Major Banks – continued		
Julius Baer Group Ltd.	52,745	$ 2,051,358
Sumitomo Mitsui Financial Group, Inc.	144,600	4,027,834
UniCredit S.p.A.	104,625	862,583
		$ 14,206,478
Medical & Health Technology & Services – 2.0%		
Kobayashi Pharmaceutical Co. Ltd.	78,500	$ 4,130,505
Miraca Holdings, Inc.	80,600	3,209,549
Rhoen-Klinikum AG	84,308	1,606,183
		$ 8,946,237
Medical Equipment – 2.2%		
Nihon Kohden Corp.	78,800	$ 1,944,150
Smith & Nephew PLC	360,762	3,495,749
Synthes, Inc. (n)	26,803	4,486,563
		$ 9,926,462
Network & Telecom – 1.4%		
Ericsson, Inc., "B"	486,841	$ 4,945,264
Nokia Oyj	268,309	1,296,545
		$ 6,241,809
Other Banks & Diversified Financials – 2.3%		
Anglo Irish Bank Corp. PLC (a)	249,800	$ 0
Chiba Bank Ltd.	235,000	1,514,356
DnB NOR A.S.A.	293,641	2,874,622
Hachijuni Bank Ltd.	242,000	1,380,252
Joyo Bank Ltd.	354,000	1,563,726
Jyske Bank A.S. (a)	19,476	476,632
Sapporo Hokuyo Holdings, Inc.	280,900	1,007,255
Sydbank A.S.	35,344	554,471
Unione di Banche Italiane ScpA	166,234	677,334
		$ 10,048,648
Pharmaceuticals – 11.0%		
Bayer AG	122,276	$ 7,817,835
GlaxoSmithKline PLC	594,925	13,565,850
Hisamitsu Pharmaceutical Co., Inc.	40,200	1,702,637
Roche Holding AG	65,122	11,013,275
Sanofi	141,873	10,380,989
Santen Pharmaceutical Co. Ltd.	95,800	3,945,511
		$ 48,426,097
Printing & Publishing – 0.3%		
United Business Media Ltd.	157,455	$ 1,163,065
Real Estate – 1.9%		
Deutsche Wohnen AG	361,505	$ 4,802,768
GSW Immobilien AG (a)	120,238	3,480,355
		$ 8,283,123
Specialty Chemicals – 1.8%		
Shin-Etsu Chemical Co. Ltd.	99,600	$ 4,904,300
Symrise AG	108,350	2,891,585
		$ 7,795,885
Specialty Stores – 0.4%		
Esprit Holdings Ltd.	1,439,972	$ 1,857,765
Telecommunications – Wireless – 5.8%		
KDDI Corp.	1,985	$ 12,765,688
Vodafone Group PLC	4,599,040	12,777,591
		$ 25,543,279
Telephone Services – 2.8%		
China Unicom Ltd.	1,166,000	$ 2,453,125
Royal KPN N.V.	386,762	4,617,537
TDC A.S.	389,716	3,118,754
Telecom Italia S.p.A.	2,318,967	2,069,311
		$ 12,258,727
Tobacco – 4.9%		
British American Tobacco PLC	255,469	$ 12,122,493
Japan Tobacco, Inc.	2,004	9,425,075
		$ 21,547,568
Trucking – 1.5%		
Yamato Holdings Co. Ltd.	403,400	$ 6,797,581
Total Common Stocks (Identified Cost, $434,170,861)		**$421,388,039**

Issuer/Expiration Date/Strike Price		Par Amount of Contracts	
CALL OPTIONS PURCHASED – 0.0%			
EUR Currency – January 2012 @ JPY 121 (Premiums Paid, $72,968)	EUR	2,395,591	$ 2
PUT OPTIONS PURCHASED – 0.0%			
JPY Currency – January 2012 @ $0.0110	JPY	289,346,781	$ 0
JPY Currency – August 2012 @ $0.0118	JPY	1,342,944,000	104,750
Total Put Options Purchased (Premiums Paid, $340,926)			**$ 104,750**

Issuer	Shares/Par	
MONEY MARKET FUNDS – 4.5%		
MFS Institutional Money Market Portfolio, 0.05%, at Cost and Net Asset Value (v)	19,740,443	$ 19,740,443
COLLATERAL FOR SECURITIES LOANED – 0.8%		
Navigator Securities Lending Prime Portfolio, 0.27%, at Cost and Net Asset Value (j)	3,403,200	$ 3,403,200
Total Investments (Identified Cost, $457,728,398)		**$444,636,434**
OTHER ASSETS, LESS LIABILITIES – (0.6)%		**(2,535,645)**
Net Assets – 100.0%		**$442,100,789**

Portfolio of Investments – continued

(a) Non-income producing security.
(j) The rate quoted is the annualized seven-day yield of the portfolio at period end.
(l) A portion of this security is on loan.
(n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. At period end, the aggregate value of these securities was $4,486,563, representing 1.0% of net assets.
(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

The following abbreviations are used in this report and are defined:

ADR American Depository Receipt
IPS International Preference Stock
PLC Public Limited Company

Abbreviations indicate amounts shown in currencies other than the U.S. dollar. All amounts are stated in U.S. dollars unless otherwise indicated. A list of abbreviations is shown below:

EUR Euro
JPY Japanese Yen

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

At 12/31/11

Assets		
Investments –		
Non-affiliated issuers, at value (identified cost, $437,987,955)	$424,895,991	
Underlying affiliated funds, at cost and value	19,740,443	
Total investments, at value, including $3,233,926 of securities on loan (identified cost, $457,728,398)	$444,636,434	
Foreign currency, at value (identified cost, $192)	191	
Receivables for		
Fund shares sold	581,908	
Interest and dividends	1,145,500	
Other assets	12,129	
Total assets		$446,376,162
Liabilities		
Payable for fund shares reacquired	$734,824	
Collateral for securities loaned, at value	3,403,200	
Payable to affiliates		
Investment adviser	33,629	
Shareholder servicing costs	324	
Distribution and/or service fees	7,773	
Payable for Trustees' compensation	433	
Accrued expenses and other liabilities	95,190	
Total liabilities		$4,275,373
Net assets		$442,100,789
Net assets consist of		
Paid-in capital	$471,841,254	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	(13,117,394)	
Accumulated net realized gain (loss) on investments and foreign currency transactions	(24,471,339)	
Undistributed net investment income	7,848,268	
Net assets		$442,100,789
Shares of beneficial interest outstanding		29,441,720

	Net assets	Shares outstanding	Net asset value per share
Initial Class	$60,531,810	3,993,365	$15.16
Service Class	381,568,979	25,448,355	14.99

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

Year ended 12/31/11

Net investment income		
Income		
Dividends	$14,673,252	
Interest	264,188	
Dividends from underlying affiliated funds	22,381	
Foreign taxes withheld	(1,138,292)	
Total investment income		$13,821,529
Expenses		
Management fee	$3,822,790	
Distribution and/or service fees	899,321	
Shareholder servicing costs	46,000	
Administrative services fee	141,112	
Trustees' compensation	45,541	
Custodian fee	132,203	
Shareholder communications	18,936	
Auditing fees	47,556	
Legal fees	5,513	
Miscellaneous	45,751	
Total expenses		$5,204,723
Fees paid indirectly	(5)	
Net expenses		$5,204,718
Net investment income		$8,616,811
Realized and unrealized gain (loss) on investments and foreign currency transactions		
Realized gain (loss) (identified cost basis)		
Investment transactions	$2,427,970	
Foreign currency transactions	(106,285)	
Net realized gain (loss) on investments and foreign currency transactions		$2,321,685
Change in unrealized appreciation (depreciation)		
Investments	$(19,109,533)	
Translation of assets and liabilities in foreign currencies	(46,628)	
Net unrealized gain (loss) on investments and foreign currency translation		$(19,156,161)
Net realized and unrealized gain (loss) on investments and foreign currency		$(16,834,476)
Change in net assets from operations		$(8,217,665)

See Notes to Financial Statements

MFS International Value Portfolio

FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

For years ended 12/31	2011	2010
Change in net assets		
From operations		
Net investment income	$8,616,811	$4,828,987
Net realized gain (loss) on investments and foreign currency transactions	2,321,685	(782,240)
Net unrealized gain (loss) on investments and foreign currency translation	(19,156,161)	28,239,889
Change in net assets from operations	$(8,217,665)	$32,286,636
Distributions declared to shareholders		
From net investment income	$(4,742,528)	$(4,425,164)
Change in net assets from fund share transactions	$61,502,991	$95,712,274
Total change in net assets	$48,542,798	$123,573,746
Net assets		
At beginning of period	393,557,991	269,984,245
At end of period (including undistributed net investment income of $7,848,268 and $4,723,046, respectively)	$442,100,789	$393,557,991

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the fund's financial performance for the past 5 years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

Initial Class	**Years ended 12/31**				
	2011	**2010**	**2009**	**2008**	**2007**
Net asset value, beginning of period	$15.59	$14.51	$12.03	$18.68	$20.02
Income (loss) from investment operations					
Net investment income (d)	$0.36	$0.26	$0.25	$0.44	$0.33
Net realized and unrealized gain (loss) on investments and foreign currency	(0.59)	1.05	2.64	(5.94)	1.13
Total from investment operations	$(0.23)	$1.31	$2.89	$(5.50)	$1.46
Less distributions declared to shareholders					
From net investment income	$(0.20)	$(0.23)	$(0.41)	$(0.16)	$(0.33)
From net realized gain on investments	—	—	—	(0.99)	(2.47)
Total distributions declared to shareholders	$(0.20)	$(0.23)	$(0.41)	$(1.15)	$(2.80)
Net asset value, end of period (x)	$15.16	$15.59	$14.51	$12.03	$18.68
Total return (%) (k)(s)(x)	(1.52)	9.11	25.37	(31.41)	7.35
Ratios (%) (to average net assets) and Supplemental data:					
Expenses (f)	1.01	1.06	1.09	1.05	1.05
Net investment income	2.28	1.79	2.00	2.82	1.67
Portfolio turnover	16	28	49	44	44
Net assets at end of period (000 omitted)	$60,532	$68,356	$63,978	$57,968	$117,100

See Notes to Financial Statements

Service Class	Years ended 12/31				
	2011	2010	2009	2008	2007
Net asset value, beginning of period	$15.43	$14.38	$11.91	$18.53	$19.92
Income (loss) from investment operations					
Net investment income (d)	$0.31	$0.20	$0.23	$0.39	$0.16
Net realized and unrealized gain (loss) on investments and foreign currency	(0.58)	1.05	2.62	(5.87)	1.24
Total from investment operations	$(0.27)	$1.25	$2.85	$(5.48)	$1.40
Less distributions declared to shareholders					
From net investment income	$(0.17)	$(0.20)	$(0.38)	$(0.15)	$(0.32)
From net realized gain on investments	—	—	—	(0.99)	(2.47)
Total distributions declared to shareholders	$(0.17)	$(0.20)	$(0.38)	$(1.14)	$(2.79)
Net asset value, end of period (x)	$14.99	$15.43	$14.38	$11.91	$18.53
Total return (%) (k)(s)(x)	(1.78)	8.78	25.11	(31.58)	7.04
Ratios (%) (to average net assets) and Supplemental data:					
Expenses (f)	1.26	1.31	1.34	1.30	1.30
Net investment income	1.98	1.43	1.83	2.52	0.87
Portfolio turnover	16	28	49	44	44
Net assets at end of period (000 omitted)	$381,569	$325,202	$206,006	$179,067	$224,339

(d) Per share data is based on average shares outstanding.

(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.

(k) The total return does not reflect expenses that apply to separate accounts. Inclusion of these charges would reduce the total return figures for all periods shown.

(s) From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

(x) The net asset values per share and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

(1) Business and Organization

MFS International Value Portfolio (the fund) is a series of MFS Variable Insurance Trust II (the trust). The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The shareholders of each series of the trust are separate accounts of insurance companies, which offer variable annuity and/or life insurance products, and qualified retirement and pension plans.

(2) Significant Accounting Policies

General – The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund's Statement of Assets and Liabilities through the date that the financial statements were issued. The fund invests 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.

In December 2011, the Financial Accounting Standards Board issued Accounting Standards Update 2011-11, Balance Sheet (Topic 210) – Disclosures about Offsetting Assets and Liabilities ("ASU 2011-11"). Effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods, ASU 2011-11 is intended to enhance disclosure requirements on the offsetting of financial assets and liabilities. Although still evaluating the potential impacts of ASU 2011-11 to the fund, management expects that the impact of the fund's adoption will be limited to additional financial statement disclosures.

Investment Valuations – Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Equity securities held short, for which there were no sales reported for that day, are generally valued at the last quoted daily ask quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Short-term instruments with a maturity at issuance of 60 days or less generally are valued at amortized cost, which approximates market value. Exchange-traded options are generally valued at the last sale or official closing price as provided by a third-party pricing service on the exchange on which such options are primarily traded. Exchange-traded options for which there were no sales reported that day are generally valued at the last daily bid quotation as provided by a third-party pricing service on the exchange on which such options are primarily traded. Options not traded on an exchange are generally valued at a broker/dealer bid quotation. Foreign currency options are generally valued at valuations provided by a third-party pricing service. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. Events that occur on a frequent basis after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the fund's net asset value may be deemed to have a material effect on the value of securities traded in foreign markets. Accordingly, the fund's foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. The following is a summary of the levels used as of December 31, 2011 in valuing the fund's assets or liabilities:

Investments at Value	Level 1	Level 2	Level 3	Total
Equity Securities:				
United Kingdom	$35,012,207	$84,814,845	$—	$119,827,052
Japan	117,564,442	—	—	117,564,442
Switzerland	12,760,350	40,503,216	—	53,263,566
Germany	26,254,307	5,581,993	—	31,836,300
France	11,877,614	19,579,979	—	31,457,593
Netherlands	—	22,101,942	—	22,101,942
Taiwan	7,508,013	—	—	7,508,013
South Korea	5,523,274	—	—	5,523,274
Spain	—	4,985,708	—	4,985,708
Other Countries	13,873,725	13,446,424	0	27,320,149
Purchased Currency Options	—	104,752	—	104,752
Mutual Funds	23,143,643	—	—	23,143,643
Total Investments	$253,517,575	$191,118,859	$0	$444,636,434

For further information regarding security characteristics, see the Portfolio of Investments. At December 31, 2011, the fund held one level 3 security valued at $0, which was also held and valued at $0 at December 31, 2010.

Of the level 2 investments presented above, equity investments amounting to $180,914,912 would have been considered level 1 investments at the beginning of the period. Of the level 1 investments presented above, equity investments amounting to $9,298,285 would have been considered level 2 investments at the beginning of the period. The primary reason for changes in the classifications between levels 1 and 2 occurs when foreign equity securities are fair valued using other observable market-based inputs in place of the closing exchange price due to events occurring after the close of the exchange or market on which the investment is principally traded. The fund's foreign equity securities may often be valued at fair value. The fund's policy is to recognize transfers between the levels as of the end of the period.

Foreign Currency Translation – 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 or on the reporting date for foreign denominated receivables and payables. 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 receivables, payables, 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.

Derivatives – The fund uses derivatives for different purposes, primarily to increase or decrease exposure to a particular market or segment of the market, or security, to increase or decrease interest rate or currency exposure, or as alternatives to direct investments. Derivatives are used for hedging or non-hedging purposes. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. When the fund uses derivatives as an investment to increase market exposure, or for hedging purposes, gains and losses from derivative instruments may be substantially greater than the derivative's original cost.

The derivative instruments used by the fund were purchased options. The fund's period end derivatives, as presented in the Portfolio of Investments, generally are indicative of the volume of its derivative activity during the period.

The following table presents, by major type of derivative contract, the fair value, on a gross basis, of the asset and liability components of derivatives held by the fund at December 31, 2011 as reported in the Statement of Assets and Liabilities:

Risk	Derivative Contracts	Fair Value (a) Asset Derivatives
Foreign Exchange	Purchased Currency Options	$104,752

(a) The value of purchased options outstanding is included in total investments, at value, within the fund's Statement of Assets and Liabilities.

The following table presents, by major type of derivative contract, the realized gain (loss) on derivatives held by the fund for the year ended December 31, 2011 as reported in the Statement of Operations:

Risk	Investment Transactions (Purchased Options)
Foreign Exchange	$(642,776)

The following table presents, by major type of derivative contract, the change in unrealized appreciation (depreciation) on derivatives held by the fund for the year ended December 31, 2011 as reported in the Statement of Operations:

Risk	Investments (Purchased Options)
Foreign Exchange	$69,101

Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. On certain over-the-counter derivatives, the fund attempts to reduce its exposure to counterparty credit risk whenever possible by entering into an International Swaps and Derivatives Association (ISDA) Master Agreement on a bilateral basis with each of the counterparties with whom it undertakes a significant volume of transactions. The ISDA Master Agreement gives each party to the agreement the right to terminate all transactions traded under such agreement if there is a certain deterioration in the credit quality of the other party. The ISDA Master Agreement gives the fund the right, upon an event of default by the applicable counterparty or a termination of the agreement, to close out all transactions traded under such agreement and to net amounts owed under each transaction to one net amount payable by one party to the other. This right to close out and net payments across all transactions traded under the ISDA Master Agreement could result in a reduction of the fund's credit risk to such counterparty equal to any amounts payable by the fund under the applicable transactions, if any. However, absent an event of default by the counterparty or a termination of the agreement, the ISDA Master Agreement does not result in an offset of reported amounts of assets and liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty.

Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearing house for exchange traded derivatives (i.e., futures and exchange-traded options) while collateral terms are contract specific for over-the-counter traded derivatives (i.e., forward foreign currency exchange contracts, swaps and over-the-counter options). For derivatives traded under an ISDA Master Agreement, the collateral requirements are netted across all transactions traded under such agreement and one amount is posted from one party to the other to collateralize such obligations. Cash collateral that has been pledged to cover obligations of the fund under derivative contracts, if any, will be reported separately on the Statement of Assets and Liabilities as restricted cash. Securities collateral pledged for the same purpose, if any, is noted in the Portfolio of Investments.

Purchased Options – The fund purchased call and put options for a premium. Purchased call and put options entitle the holder to buy and sell a specified number of shares or units of a particular security, currency or index at a specified price at a specified date or within a specified period of time. Purchasing call options may be used to hedge against an anticipated increase in the dollar cost of securities or currency to be acquired or to increase the fund's exposure to an underlying instrument. Purchasing put options may hedge against a decline in the value of portfolio securities or currency.

The premium paid is initially recorded as an investment in the Statement of Assets and Liabilities. That investment is subsequently marked-to-market daily with the difference between the premium paid and the market value of the purchased option being recorded as unrealized appreciation or depreciation. Premiums paid for purchased call and put options which have expired are treated as realized losses on investments in the Statement of Operations. Upon the exercise or closing of a purchased call option, the premium paid is added to the cost of the security or financial instrument. Upon the exercise or closing of a purchased put option, the premium paid is offset against the proceeds on the sale of the underlying security or financial instrument in order to determine the realized gain or loss on investments.

The risk in purchasing an option is that the fund pays a premium whether or not the option is exercised. The fund's maximum risk of loss due to counterparty credit risk is limited to the market value of the option. For over-the-counter options, this risk is mitigated in cases where there is an ISDA Master Agreement between the fund and the counterparty providing for netting as described above and for posting of collateral by the counterparty to the fund to cover the fund's exposure to the counterparty under such ISDA Master Agreement.

Security Loans – State Street Bank and Trust Company ("State Street"), as lending agent, loans the securities of the fund to certain qualified institutions (the "Borrowers") approved by the fund. The loans are collateralized by cash and/or U.S. Treasury and federal agency obligations in an amount typically at least equal to the market value of the securities loaned. The market value of the loaned securities is determined at the close of business of the fund and any additional required collateral is delivered to the fund on the next business day. State Street provides the fund with indemnification against Borrower default. The fund bears the risk of loss with respect to the investment of cash collateral. On loans collateralized by cash, the cash collateral is invested in a money market fund or 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 fund and the lending agent. On loans collateralized by U.S. Treasury and/or federal agency obligations, a fee is received from the Borrower, and is allocated between the fund 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.

Indemnifications – Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

Investment Transactions and Income – Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to 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.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

Fees Paid Indirectly – The fund's custody fee may be reduced according to an arrangement that measures the value of cash deposited with the custodian by the fund. This amount, for the year ended December 31, 2011, is shown as a reduction of total expenses on the Statement of Operations.

Tax Matters and Distributions – The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable income, including realized capital gains. As a result, no provision for federal income tax is required. The fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service. Foreign taxes have been accrued by the fund in the accompanying financial statements.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to wash sale loss deferrals.

The tax character of distributions declared to shareholders for the last two fiscal years is as follows:

	12/31/11	12/31/10
Ordinary income (including any short-term capital gains)	$4,742,528	$4,425,164

Notes to Financial Statements – continued

The federal tax cost and the tax basis components of distributable earnings were as follows:

As of 12/31/11	
Cost of investments	$458,382,745
Gross appreciation	35,682,156
Gross depreciation	(49,428,467)
Net unrealized appreciation (depreciation)	$(13,746,311)
Undistributed ordinary income	7,872,137
Capital loss carryforwards	(23,816,992)
Other temporary differences	(49,299)

Under the Regulated Investment Company Modernization Act of 2010 (the "Act"), net capital losses recognized after December 31, 2010 may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses. Previously, net capital losses were carried forward for eight years and treated as short-term losses. As a transition rule, the Act requires that post-enactment net capital losses be used before pre-enactment net capital losses.

As of December 31, 2011, the fund had capital loss carryforwards available to offset future realized gains. Such losses expire as follows:

Pre-enactment losses:	
12/31/16	$(4,502,795)
12/31/17	(18,221,256)
12/31/18	(1,092,941)
Total	$(23,816,992)

Multiple Classes of Shares of Beneficial Interest – The fund offers multiple classes of shares, which differ in their respective distribution and/or service fees. The fund's income, realized and unrealized gain (loss), and common expenses are allocated to shareholders based on the daily net assets of each class. Dividends are declared separately for each class. Differences in per share dividend rates are generally due to differences in separate class expenses. The fund's distributions declared to shareholders as reported on the Statements of Changes in Net Assets are presented by class as follows:

	From net investment income	
	Year ended 12/31/11	Year ended 12/31/10
Initial Class	$789,091	$1,040,282
Service Class	3,953,437	3,384,882
Total	$4,742,528	$4,425,164

(3) Transactions with Affiliates

Investment Adviser – The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at the following annual rates:

First $1 billion of average daily net assets	0.90%
Next $1 billion of average daily net assets	0.80%
Average daily net assets in excess of $2 billion	0.70%

The management fee incurred for the year ended December 31, 2011 was equivalent to an annual effective rate of 0.90% of the fund's average daily net assets.

Distributor – MFS Fund Distributors, Inc. (MFD), a wholly-owned subsidiary of MFS, is the distributor of shares of the fund. The Trustees have adopted a distribution plan for the Service Class shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The fund's distribution plan provides that the fund will pay MFD distribution and/or service fees equal to 0.25% per annum of its average daily net assets attributable to Service Class shares as partial consideration for services performed and expenses incurred by MFD and financial intermediaries (including participating insurance companies that invest in the fund to fund variable annuity and variable life insurance contracts, sponsors of qualified retirement and pension plans that invest in the fund, and affiliates of these participating insurance companies and plan sponsors) in connection with the sale and distribution of the Service Class shares. MFD may subsequently pay all, or a portion, of the distribution and/or service fees to financial intermediaries.

Shareholder Servicing Agent – MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, receives a fee from the fund for its services as shareholder servicing agent. For the year ended December 31, 2011, the fee was $45,961, which equated to 0.0108% annually of the fund's average daily net assets. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the year ended December 31, 2011, these costs amounted to $39.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund partially reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of $17,500 plus a fee based on average daily net assets. The administrative services fee incurred for the year ended December 31, 2011 was equivalent to an annual effective rate of 0.0332% of the fund's average daily net assets.

Trustees' and Officers' Compensation – The fund pays compensation to Trustees in the form of a retainer, attendance fees, and additional compensation to the Board chairperson. The fund does not pay compensation directly to officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers of the fund are officers or directors of MFS, MFD, and MFSC.

Other – This fund and certain other funds managed by MFS (the funds) have entered into services agreements (the Agreements) which provide for payment of fees by the funds to Tarantino LLC and Griffin Compliance LLC in return for the provision of services of an Independent Chief Compliance Officer (ICCO) and Assistant ICCO, respectively, for the funds. The ICCO and Assistant ICCO are officers of the funds and the sole members of Tarantino LLC and Griffin Compliance LLC, respectively. The funds can terminate the Agreements with Tarantino LLC and Griffin Compliance LLC at any time under the terms of the Agreements. MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ICCO and Assistant ICCO. For the year ended December 31, 2011, the aggregate fees paid by the fund to Tarantino LLC and Griffin Compliance LLC were $7,002 and are included in miscellaneous expense on the Statement of Operations.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks a high level of current income consistent with preservation of capital and liquidity. Income earned on this investment is included in dividends from underlying affiliated funds on the Statement of Operations. This money market fund does not pay a management fee to MFS.

(4) Portfolio Securities

Purchases and sales of investments, other than U.S. Government securities, purchased option transactions, and short-term obligations, aggregated $124,811,922 and $64,504,983, respectively.

(5) Shares of Beneficial Interest

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. Transactions in fund shares were as follows:

	Year ended 12/31/11		Year ended 12/31/10	
	Shares	Amount	Shares	Amount
Shares sold				
Initial Class	299,507	$4,681,107	818,696	$11,858,777
Service Class	8,945,525	139,378,085	9,375,648	133,038,501
	9,245,032	$144,059,192	10,194,344	$144,897,278
Shares issued to shareholders in reinvestment of distributions				
Initial Class	50,876	$789,091	71,448	$1,040,282
Service Class	257,385	3,953,437	234,410	3,384,882
	308,261	$4,742,528	305,858	$4,425,164
Shares reacquired				
Initial Class	(741,692)	$(11,743,882)	(914,793)	$(13,007,882)
Service Class	(4,825,216)	(75,554,847)	(2,868,953)	(40,602,286)
	(5,566,908)	$(87,298,729)	(3,783,746)	$(53,610,168)
Net change				
Initial Class	(391,309)	$(6,273,684)	(24,649)	$(108,823)
Service Class	4,377,694	67,776,675	6,741,105	95,821,097
	3,986,385	$61,502,991	6,716,456	$95,712,274

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a $1.1 billion unsecured committed line of credit, subject to a $1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Federal Reserve funds rate or one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Federal Reserve funds rate plus an agreed upon spread. For the year ended December 31, 2011, the fund's commitment fee and interest expense were $3,268 and $0, respectively, and are included in miscellaneous expense on the Statement of Operations.

(7) Transactions in Underlying Affiliated Funds – Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be affiliated issuers:

Underlying Affiliated Funds	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money Market Portfolio	18,785,164	112,731,610	(111,776,331)	19,740,443

Underlying Affiliated Funds	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	$—	$—	$22,381	$19,740,443

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of MFS Variable Insurance Trust II and the Shareholders of
MFS International Value Portfolio:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of MFS International Value Portfolio (the "Fund") (one of the portfolios comprising MFS Variable Insurance Trust II) as of December 31, 2011, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2011, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of MFS International Value Portfolio as of December 31, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Boston, Massachusetts
February 15, 2012

RESULTS OF SHAREHOLDER MEETING (unaudited)

At a special meeting of shareholders of MFS International Value Portfolio, which was held on December 1, 2011, the following actions were taken for which shareholders of all series of MFS Variable Insurance Trust II voted together as a single class with respect to Item 1 and shareholders of MFS International Value Portfolio voted as a separate class with respect to Items 2 and 3:

Item 1: Election of ten Trustees as members of the Board of Trustees of the Trust effective January 1, 2012:

	Number of Shares	
	For	Withheld Authority
Robert E. Butler	681,916,712.8686	46,472,894.9218
Maureen R. Goldfarb	682,835,794.8512	45,553,812.9392
David H. Gunning	681,500,267.3085	46,889,340.4819
William R. Gutow	681,050,223.5547	47,339,384.2357
Michael Hegarty	682,477,088.8584	45,912,518.9320
John P. Kavanaugh	683,794,425.4269	44,595,182.3635
Robert J. Manning	682,699,559.7374	45,690,048.0530
J. Dale Sherratt	681,362,743.0513	47,026,864.7391
Laurie J. Thomsen	683,408,094.0000	44,981,513.7904
Robert W. Uek	681,424,852.0247	46,964,755.7657

Item 2: To approve a new investment advisory agreement dated January 1, 2012, between the Trust, on behalf of MFS International Value Portfolio, and MFS:

	Number of Shares	
For	Against	Withheld Authority
23,025,889.5028	901,767.8175	1,983,127.7715

Item 3: To approve revisions to and restatements of certain fundamental investment restrictions of MFS International Value Portfolio effective January 1, 2012 as detailed below:

		Number of Shares	
	For	Against	Withheld Authority
A. Borrowing	22,160,161.7278	1,437,193.7376	2,313,429.6264
B. Underwriting Securities	22,437,121.4514	1,153,798.2944	2,319,865.3460
C. Issuance of Senior Securities	22,546,868.0921	1,012,377.9097	2,351,539.0900
D. Lending of Money or Securities	22,270,979.8609	1,377,803.2561	2,262,001.9748
E. Purchases or Sales of Real Estate; Interests in Oil, Gas or Mineral Leases; and Commodities	22,721,499.2298	986,939.4869	2,202,346.3751
F. Industry Concentration	22,688,292.4216	945,781.2166	2,276,711.4536

TRUSTEES AND OFFICERS – IDENTIFICATION AND BACKGROUND

The Trustees and officers of the Trust, as of February 1, 2012, are listed below, together with their principal occupations during the past five years. (Their titles may have varied during that period.) The address of each Trustee and officer is 500 Boylston Street, Boston, Massachusetts 02116.

Name, Age	Position(s) Held with Fund	Trustee/Officer Since [h]	Principal Occupations During the Past Five Years	Other Directorships [j]
INTERESTED TRUSTEES				
Robert J. Manning [k] (age 48)	Trustee	February 2004	Massachusetts Financial Services Company, Chairman, Chief Executive Officer and Director; President (until December 2009); Chief Investment Officer (until July 2010)	N/A
INDEPENDENT TRUSTEES				
David H. Gunning (age 69)	Trustee and Chair of Trustees	January 2004	Retired; Cleveland-Cliffs Inc. (mining products and service provider), Vice Chairman/Director (until May 2007)	Lincoln Electric Holdings, Inc. (welding equipment manufacturer), Director; Development Alternatives, Inc. (consulting), Director/Non-Executive Chairman; Portman Limited (mining), Director (until 2008)
Robert E. Butler (age 70)	Trustee	January 2006	Consultant – investment company industry regulatory and compliance matters	N/A
Maureen R. Goldfarb (age 56)	Trustee	January 2009	Private investor	N/A
William R. Gutow (age 70)	Trustee	December 1993	Private investor and real estate consultant; Capitol Entertainment Management Company (video franchise), Vice Chairman	Atlantic Coast Tan (tanning salons), Vice Chairman (until 2007); Texas Donuts (donut franchise), Vice Chairman (until 2010)
Michael Hegarty (age 67)	Trustee	December 2004	Private investor	N/A
John P. Kavanaugh (age 57)	Trustee	January 2009	Private investor; The Hanover Insurance Group, Inc., Vice President and Chief Investment Officer (until 2006); Allmerica Investment Trust, Allmerica Securities Trust and Opus Investment Trust (investment companies), Chairman, President and Trustee (until 2006)	N/A
J. Dale Sherratt (age 73)	Trustee	June 1989	Insight Resources, Inc. (acquisition planning specialists), President; Wellfleet Investments (investor in health care companies), Managing General Partner	N/A
Laurie J. Thomsen (age 54)	Trustee	March 2005	Private investor; New Profit, Inc. (venture philanthropy), Executive Partner (until 2010)	The Travelers Companies (property and casualty insurance), Director
Robert W. Uek (age 70)	Trustee	January 2006	Consultant to investment company industry	N/A
OFFICERS				
John M. Corcoran [k] (age 46)	President	October 2008	Massachusetts Financial Services Company, Senior Vice President (since October 2008); State Street Bank and Trust (financial services provider), Senior Vice President, (until September 2008)	N/A
Christopher R. Bohane [k] (age 38)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Kino Clark [k] (age 43)	Assistant Treasurer	January 2012	Massachusetts Financial Services Company, Assistant Vice President	N/A

Trustees and Officers – continued

Name, Age	Position(s) Held with Fund	Trustee/Officer Since [h]	Principal Occupations During the Past Five Years	Other Directorships [j]
Ethan D. Corey [k] (age 48)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel	N/A
David L. DiLorenzo [k] (age 43)	Treasurer	July 2005	Massachusetts Financial Services Company, Vice President	N/A
Robyn L. Griffin (age 36)	Assistant Independent Chief Compliance Officer	August 2008	Griffin Compliance LLC (provider of compliance services), Principal (since August 2008); State Street Corporation (financial services provider), Mutual Fund Administration Assistant Vice President (October 2006 – July 2008); Liberty Mutual Group (insurance), Personal Market Assistant Controller (April 2006 – October 2006); Deloitte & Touche LLP (professional services firm).	N/A
Brian E. Langenfeld [k] (age 38)	Assistant Secretary and Assistant Clerk	June 2006	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Ellen Moynihan [k] (age 54)	Assistant Treasurer	April 1997	Massachusetts Financial Services Company, Senior Vice President	N/A
Susan S. Newton [k] (age 61)	Assistant Secretary and Assistant Clerk	May 2005	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel	N/A
Susan A. Pereira [k] (age 41)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Mark N. Polebaum [k] (age 59)	Secretary and Clerk	January 2006	Massachusetts Financial Services Company, Executive Vice President, General Counsel and Secretary	N/A
Frank L. Tarantino (age 67)	Independent Chief Compliance Officer	June 2004	Tarantino LLC (provider of compliance services), Principal	N/A
Richard S. Weitzel [k] (age 41)	Assistant Secretary and Assistant Clerk	October 2007	Massachusetts Financial Services Company, Vice President and Assistant General Counsel	N/A
James O. Yost [k] (age 51)	Deputy Treasurer	September 1990	Massachusetts Financial Services Company, Senior Vice President	N/A

(h) Date first appointed to serve as Trustee/officer of an MFS fund. Each Trustee has served continuously since appointment unless indicated otherwise. For the period from December 15, 2004 until February 22, 2005, Mr. Manning served as Advisory Trustee. For the period October 2008, until January 2012, Mr. Corcoran served as Treasurer of the Funds. Prior to January 2012, Messrs. DiLorenzo and Yost served as Assistant Treasurers of the Funds.

(j) Directorships or trusteeships of companies required to report to the Securities and Exchange Commission (i.e., "public companies").

(k) "Interested person" of the Trust 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 fund, as a result of position with MFS. The address of MFS is 500 Boylston Street, Boston, Massachusetts 02116.

Each Trustee has been elected by shareholders and each Trustee and officer holds office until his or her successor is chosen and qualified or until his or her earlier death, resignation, retirement or removal. The Trust does not hold annual meetings for the purpose of electing Trustees, and Trustees are not elected for fixed terms. Messrs. Butler, Kavanaugh, Uek and Ms. Thomsen are members of the Trust's Audit Committee.

Each of the Fund's Trustees and officers holds comparable positions with certain other funds of which MFS or a subsidiary is the investment adviser or distributor, and, in the case of the officers, with certain affiliates of MFS. As of January 1, 2012, the Trustees served as board members of 131 funds within the MFS Family of Funds.

Trustees and Officers – continued

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

Investment Adviser
Massachusetts Financial Services Company
500 Boylston Street, Boston, MA 02116-3741

Distributor
MFS Fund Distributors, Inc.
500 Boylston Street, Boston, MA 02116-3741

Portfolio Managers
Benjamin Stone
Barnaby Wiener

Custodian
State Street Bank and Trust
1 Lincoln Street, Boston, MA 02111-2900

Independent Registered Public Accounting Firm
Deloitte & Touche LLP
200 Berkeley Street, Boston, MA 02116

At a special meeting of shareholders of the MFS International Value Portfolio (hereinafter referred to as the “Fund” or the “Portfolio”), which was held on December 1, 2011, the shareholders approved a new investment advisory agreement based on the recommendation of the Board of Trustees. At its July, 2011 meeting, the Board of Trustees (i) approved, and recommended for shareholder approval, the new investment advisory agreement effective January 1, 2012, and (ii) the continuation of the existing investment advisory agreement effective September 1, 2011. The following includes a description of the factors that the Board of Trustees considered and the conclusions that formed the basis of their approval of both the new investment advisory agreement and the continuation of the prior investment advisory agreement.

BOARD APPROVAL OF NEW INVESTMENT ADVISORY AGREEMENT

The Investment Company Act of 1940 requires that both the full Board of Trustees and a majority of the non-interested (“independent”) Trustees, voting separately, initially approve the new investment advisory agreement (the “New Agreement”) between Massachusetts Financial Services Company (“MFS”) and MFS Variable Insurance Trust II (the “Trust”) on behalf of the Portfolio and, beginning on the second anniversary of the initial effective date of the New Agreement, annually approve the continuation of the New Agreement. The Trustees have considered matters bearing on the Portfolio and the then current advisory arrangement at their meetings throughout the year, including a review of performance data at each regular meeting. In addition, the independent Trustees met in person in July 2011 to consider the initial approval of the New Agreement, and to recommend that shareholders approve the New Agreement. The independent Trustees were assisted in their evaluation of the New Agreement by independent legal counsel, from whom they received separate legal advice and with whom they met separately from MFS management. The independent Trustees were also assisted in this process by the Portfolio’s Independent Chief Compliance Officer, a full-time senior officer appointed by and reporting to the independent Trustees.

In connection with their deliberations regarding the initial approval of the New Agreement, the Trustees, including the independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. The New Agreement was considered separately for the series of the Trust (collectively, the “Portfolios”), although the Trustees also took into account the common interests of all Portfolios in the Trust in their review. As described below, the Trustees considered the nature, quality, and extent of the various investment advisory, administrative, and/or shareholder services to be performed by MFS under the New Agreement and other arrangements with the Trust.

In connection with their initial review meeting, the Trustees received and relied upon materials that included, among other items: (i) information provided by MFS on the advisory fees of comparable portfolios of its other clients, including institutional separate account and other clients, (ii) information as to whether, and to what extent applicable, expense waivers, reimbursements or fee “breakpoints” would be observed for the Portfolio under the New Agreement, and (iii) a comparison and summary of the differences in the provisions in the New Agreement compared to those in each of the then current investment advisory agreements for the Portfolios. In addition, in connection with the independent Trustees’ meetings in May and July, 2011 (the “contract review meetings”) for the purpose of considering whether to approve the continuation of the then current investment advisory agreements for the Portfolio, the independent Trustees received: (1) information provided by Lipper Inc. (“Lipper”) on the investment performance of the Portfolio for various time periods ended December 31, 2010, compared to the investment performance of a group of funds with substantially similar investment classifications/objectives (the “Lipper performance universe”), (2) information provided by Lipper on the Portfolio’s advisory fees and other expenses compared to the advisory fees and other expenses of comparable funds identified by Lipper (the “Lipper expense group”), (3) information regarding MFS’ financial results and financial condition, including MFS’ and certain of its affiliates’ estimated profitability from services performed for the Portfolio, (4) MFS’ views regarding the outlook for the mutual fund industry and its strategic business plans, (5) descriptions of various functions performed by MFS for the Trust, such as compliance monitoring and portfolio trading practices, and (6) information regarding the overall organization of MFS, including information about MFS’ senior management and other personnel providing investment advisory, administrative and other services to the Portfolio. The comparative performance, fee and expense information prepared and provided by Lipper was not independently verified, and the independent Trustees did not independently verify any information provided to them by MFS.

The Trustees’ conclusion as to the initial approval of the New Agreement was based on comprehensive consideration of all information provided to the Trustees and was not the result of any single factor. Some of the factors that figured particularly in the Trustees’ deliberations are described below for the Portfolio, while individual Trustees may have given different weight to various factors and evaluated the information presented as a whole differently than another individual Trustee. The Trustees recognized that the fee arrangements for the Portfolio could reflect years of review and discussion between the independent Trustees and MFS, that certain aspects of such arrangements may receive greater scrutiny in some years than others, and that the Trustees' conclusions may be based, in part, on their consideration of these same arrangements during the course of the year and in prior years.

Because the portfolio management team managing the Portfolio's investments under the then current investment advisory agreement will remain the same under the New Agreement for the Portfolio, the Trustees compared the Portfolio's total return investment performance to the performance of its Lipper performance universe over various time periods, based on information provided by Lipper. The Trustees placed particular emphasis on the total return performance of the Portfolio's Initial Class shares in comparison to the performance of funds in its Lipper performance universe over the one-, three- and five-year periods ended December 31, 2010. The Trustees did not rely on performance results for more recent periods.

The Trustees noted the performance of the Portfolio's Initial Class shares was in the 1st quintile relative to the other funds in the Lipper performance universe for the one-year period (the 1st quintile being the best performers and the 5th quintile being the worst performers). The total return performance of the Portfolio was also in the 1st quintile for the three-year and five-year periods ended December 31, 2010, relative to the Lipper performance universe. Based on the nature and quality of services historically provided by MFS, the Board of Trustees concluded that the Portfolio's performance was satisfactory.

In the course of their deliberations, the Trustees took into account information provided by MFS during contract review meetings, as well as during investment review meetings conducted with portfolio management personnel during the course of the year. For Portfolios whose performance lagged their peer groups, they discussed the factors that contributed thereto and MFS' efforts to improve such Portfolios' performance. After reviewing this information, the Trustees concluded, within the context of their overall conclusions regarding the New Agreement, that they were satisfied with MFS' responses and efforts relating to investment performance.

In assessing the reasonableness of the Portfolio's advisory fee, the Trustees considered, among other information, the Portfolio's advisory fee and the total expense ratio of the Portfolio's Initial Class shares as a percentage of average daily net assets, compared to the advisory fee and total expense ratios of its peer group of funds based on information provided by Lipper. The Trustees also considered the advisory fees charged by MFS to institutional accounts. In comparing these fees, the Trustees considered the generally broader scope of services provided by MFS to the Trust than those provided to institutional accounts. The Trustees also considered the higher demands placed on MFS' investment personnel and trading infrastructure as a result of the daily cash in-flows and out-flows of the Portfolio, and the impact on MFS and related expenses due to the more extensive regulatory regime to which the Portfolio is subject, compared to institutional accounts.

In considering the fees, the Trustees noted from the Lipper data that the Portfolio's effective advisory fee rate and total expense ratio were each above the median of such fees and expenses of funds in the Lipper expense group. The Trustees further noted that the New Agreement would reflect MFS' agreement to observe a lower advisory fee and to reduce the advisory fee on average daily net assets over $1 billion and over $2 billion on a permanent basis, and concluded that the breakpoints were sufficient to allow the Portfolio to benefit from economies of scale as its assets grow. The Trustees concluded that the fees were reasonable in light of the nature and quality of services provided.

The Trustees also considered whether the Portfolio is likely to benefit from any economies of scale due to future asset growth. In this regard, the Trustees reviewed the adequacy of breakpoints and discussed with MFS any adjustments necessary for the shareholders' benefit.

The Trustees also considered information prepared by MFS relating to its costs and profits with respect to the Portfolio and other investment companies and accounts advised by MFS, as well as MFS' methodologies used to determine and allocate its costs to the Portfolio and other accounts and products for purposes of estimating profitability.

The Trustees noted that there would be no increase to the net advisory fee arrangement for the Portfolio under the New Agreement when compared to the Portfolio's then current investment advisory agreement. After reviewing these and other factors described below, the Trustees concluded that the advisory fees charged to the Portfolio under the New Agreement represent reasonable compensation in light of the nature and quality of the services being provided by MFS.

In addition, the Trustees considered MFS' resources and related efforts to continue to retain, attract and motivate capable personnel to serve the Portfolio. The Trustees also considered the financial resources of MFS and its parent, Sun Life Financial Inc. The Trustees further considered any advantages and possible disadvantages of having an adviser which also serves other investment companies as well as institutional accounts.

The Trustees also considered the nature, quality, cost, and extent of administrative, transfer agency, and distribution services provided to the Trust by MFS and its affiliates under agreements and plans other than the New Agreement, including the 12b-1 fees the Portfolio pays to MFS Fund Distributors, Inc., an affiliate of MFS. The Trustees also considered the nature, extent and quality of certain other services MFS performs or arranges on the Portfolio's behalf, which may include securities lending programs, directed expense payment programs, class action recovery programs, and MFS' interaction with third-party service providers, principally custodians and sub-custodians. The Trustees concluded that the various non-advisory services provided by MFS and its affiliates on behalf of the Portfolio were satisfactory. The Trustees also considered the benefits to MFS from the use of the Portfolio's portfolio brokerage commissions to pay for investment research and various other factors. Additionally, the Trustees considered so-called "fall-out benefits" to MFS such as reputational value derived from serving as investment manager to the Trust, and determined that any such benefits derived by MFS were reasonable and fair.

Based on their evaluation of factors that they deemed to be material, including those factors described above, the Board of Trustees, including a majority of the independent Trustees, concluded that the New Agreement should be approved for an initial two-year period, commencing upon its effective date, as set forth in the New Agreement.

BOARD APPROVAL OF CONTINUATION OF PRIOR INVESTMENT ADVISORY AGREEMENT

The Investment Company Act of 1940 requires that both the full Board of Trustees and a majority of the non-interested ("independent") Trustees, voting separately, annually approve the continuation of the investment advisory agreement between MFS Variable Insurance Trust II (the "Trust") and Massachusetts Financial Services Company ("MFS") on behalf of the Fund. The Trustees consider matters bearing on the Fund and the advisory arrangements at their meetings throughout the year, including a review of performance data at each regular meeting. In addition, the independent Trustees met in person in May and again in July 2011 ("contract review meetings") for the specific purpose of considering whether to approve the continuation of the investment advisory agreement for the Fund. The independent Trustees were assisted in their evaluation of the investment advisory agreement by independent legal counsel, from whom they received separate legal advice and with whom they met separately from MFS management during various contract review meetings. The independent Trustees were also assisted in this process by the Fund's Independent Chief Compliance Officer, a full-time senior officer appointed by and reporting to the independent Trustees.

In connection with their deliberations, the Trustees, including the independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. The investment advisory agreement was considered separately for the Fund, although the Trustees also took into account the common interests of all Funds in the Trust in their review. As described below, the Trustees considered the nature, quality, and extent of the various investment advisory, administrative, and shareholder services performed by MFS under the existing investment advisory agreement and other arrangements with the Trust.

In connection with their contract review meetings, the Trustees received and relied upon materials which included, among other items: (i) information provided by Lipper Inc. ("Lipper") on the investment performance of the Fund for various time periods ended December 31, 2010, compared to the investment performance of a group of funds with substantially similar investment classifications/objectives (the "Lipper performance universe"), (ii) information provided by Lipper on the Fund's advisory fees and other expenses compared to the advisory fees and other expenses of comparable funds identified by Lipper (the "Lipper expense group"), (iii) information provided by MFS on the advisory fees of comparable portfolios of its other clients, including institutional separate account and other clients, (iv) information as to whether, and to what extent applicable, expense waivers, reimbursements or fee "breakpoints" are observed for the Fund, (v) information regarding MFS' financial results and financial condition, including MFS' and certain of its affiliates' estimated profitability from services performed for the Fund and other investment companies that the Board oversees as a whole, and for MFS' institutional business, (vi) MFS' views regarding the outlook for the mutual fund industry and its strategic business plans, (vii) descriptions of various functions performed by MFS for the Trust, such as compliance monitoring and portfolio trading practices, and (viii) information regarding the overall organization of MFS, including information about MFS' senior management and other personnel providing investment advisory, administrative and other services to the Fund. The comparative performance, fee and expense information prepared and provided by Lipper was not independently verified, and the independent Trustees did not independently verify any information provided to them by MFS.

The Trustees' conclusion as to the continuation of the investment advisory agreement was based on comprehensive consideration of all information provided to the Trustees and was not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations are described below for the Fund, while individual Trustees may have given different weight to various factors and evaluated the information presented as a whole differently than another individual Trustee. The Trustees recognized that the fee arrangements for the Fund reflect years of review and discussion between the independent Trustees and MFS, that certain aspects of such arrangements may receive greater scrutiny in some years than others, and that the Trustees' conclusions may be based, in part, on their consideration of these same arrangements during the course of the year and in prior years.

Based on information provided by Lipper, the Trustees compared the Fund's total return investment performance to the performance of the Lipper performance universe over various time periods. The Trustees placed particular emphasis on the total return performance of the Fund's Initial Class shares in comparison to the performance of funds in its Lipper performance universe over the one-, three- and five-year periods ended December 31, 2010. The Trustees did not rely on performance results for more recent periods, including those shown elsewhere in this report.

The Trustees noted the performance of the Fund's Initial Class shares was in the 1st quintile relative to the other funds in the Lipper performance universe for the one-year period (the 1st quintile being the best performers and the 5th quintile being the worst performers). The total return performance of the Fund was also in the 1st quintile for the three-year and the five-year periods ended December 31, 2010, relative to the Lipper performance universe. Based on the nature and quality of services provided by MFS, the Board of Trustees concluded that the Fund's performance was satisfactory.

In the course of their deliberations, the Trustees took into account information provided by MFS during contract review meetings, as well as during investment review meetings conducted with portfolio management personnel during the course of the year.

In assessing the reasonableness of the Fund's advisory fee, the Trustees considered, among other information, the Fund's advisory fee and the total expense ratio of the Fund's Initial Class shares as a percentage of average daily net assets, compared to the advisory fee and total expense ratios of its peer group of funds based on information provided by Lipper. The Trustees also considered the advisory fees charged by MFS to institutional accounts. In comparing these fees, the Trustees considered the generally broader scope of services provided by MFS to the Trust than those provided to institutional accounts. The Trustees also considered the higher demands placed on MFS' investment personnel and trading infrastructure as a result of the daily cash in-flows and out-flows of the Fund, and the impact on MFS and related expenses due to the more extensive regulatory regime to which the Fund is subject, compared to institutional accounts.

In considering the fees, the Trustees noted from the Lipper data (which takes into account any reductions or expense limitations) that the Fund's effective advisory fee rate and total expense ratio were each above the median of such fees and expenses of funds in the Lipper expense group. The Trustees further concluded that the existing breakpoints were sufficient to allow the Fund to benefit from economies of scale as its assets grow. The Trustees concluded that the fees were reasonable in light of the nature and quality of services provided.

The Trustees also considered information prepared by MFS relating to its costs and profits with respect to the Fund and other investment companies and accounts advised by MFS, as well as MFS' methodologies used to determine and allocate its costs to the Fund and other accounts and products for purposes of estimating profitability.

After reviewing these and other factors described below, the Trustees concluded that the advisory fees charged to the Fund represent reasonable compensation in light of the nature and quality of the services being provided by MFS.

In addition, the Trustees considered MFS' resources and related efforts to continue to retain, attract and motivate capable personnel to serve the Fund. The Trustees also considered the financial resources of MFS and its parent, Sun Life Financial Inc. The Trustees further considered any advantages and possible disadvantages of having an adviser which also serves other investment companies as well as institutional accounts.

The Trustees also considered the nature, quality, cost, and extent of administrative, transfer agency, and distribution services provided to the Fund by MFS and its affiliates under agreements and plans other than the investment advisory agreement, including the 12b-1 fees the Fund pays to MFS Fund Distributors, Inc., an affiliate of MFS. The Trustees also considered the nature, extent and quality of certain other services MFS performs or arranges on the Fund's behalf, which may include securities lending programs, directed expense payment programs, class action recovery programs, and MFS' interaction with third-party service providers, principally custodians and sub-custodians. The Trustees concluded that the various non-advisory services provided by MFS and its affiliates on behalf of the Fund were satisfactory. The Trustees also considered the benefits to MFS from the use of the Fund's portfolio brokerage commissions, if applicable, to pay for investment research and various other factors. Additionally, the Trustees considered so-called "fall-out benefits" to MFS such as reputational value derived from serving as investment manager to the Trust, and determined that any such benefits derived by MFS were reasonable and fair.

Based on their evaluation of factors that they deemed to be material, including those factors described above, the Board of Trustees, including a majority of the independent Trustees, concluded that the investment advisory agreement should be continued for an additional one-year period, commencing September 1, 2011.

A discussion regarding the Board's most recent review and renewal of the fund's Investment Advisory Agreement with MFS is available by clicking on the fund's name under "Variable Insurance Portfolios — VIT II" in the "Products and Performance" section of the MFS Web site *(mfs.com).*

PROXY VOTING POLICIES AND INFORMATION

A general description of the MFS funds' proxy voting policies and procedures is available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov*.

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov*.

QUARTERLY PORTFOLIO DISCLOSURE

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at *http://www.sec.gov* and may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
100 F Street, NE, Room 1580
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site *(mfs.com)*. This information is available by visiting the "News & Commentary" section of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT II" in the "Products and Performance" section of *mfs.com*.

FEDERAL TAX INFORMATION (unaudited)

The following information is provided pursuant to provisions of the Internal Revenue Code.

Income derived from foreign sources was $12,846,430. The fund intends to pass through foreign tax credits of $853,857 for the fiscal year.

rev. 3/11

FACTS	WHAT DOES MFS DO WITH YOUR PERSONAL INFORMATION?

MFS INVESTMENT MANAGEMENT

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and account balances • Account transactions and transaction history • Checking account information and wire transfer instructions When you are *no longer* our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MFS chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does MFS share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?	Call **800-225-2606** or go to **mfs.com**.

Who we are

Who is providing this notice?	MFS Funds, MFS Investment Management, MFS Institutional Advisors, Inc., MFS Fund Distributors, Inc., MFS Heritage Trust Company, and MFS Service Center, Inc.

What we do

How does MFS protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include procedural, electronic, and physical safeguards for the protection of the personal information we collect about you.
How does MFS collect my personal information?	We collect your personal information, for example, when you • open an account or provide account information • direct us to buy securities or direct us to sell your securities • make a wire transfer We also collect your personal information from others, such as credit bureaus, affiliates and other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only • sharing for affiliates' everyday business purposes – information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • *MFS does not share personal information with affiliates, except for everyday business purposes as described on page one of this notice.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. • *MFS does not share with nonaffiliates so they can market to you.*
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. • *MFS doesn't jointly market.*

Other important information

If you own an MFS product or receive an MFS service in the name of a third party such as a bank or broker-dealer, their privacy policy may apply to you instead of ours.

MFS®
INVESTMENT MANAGEMENT