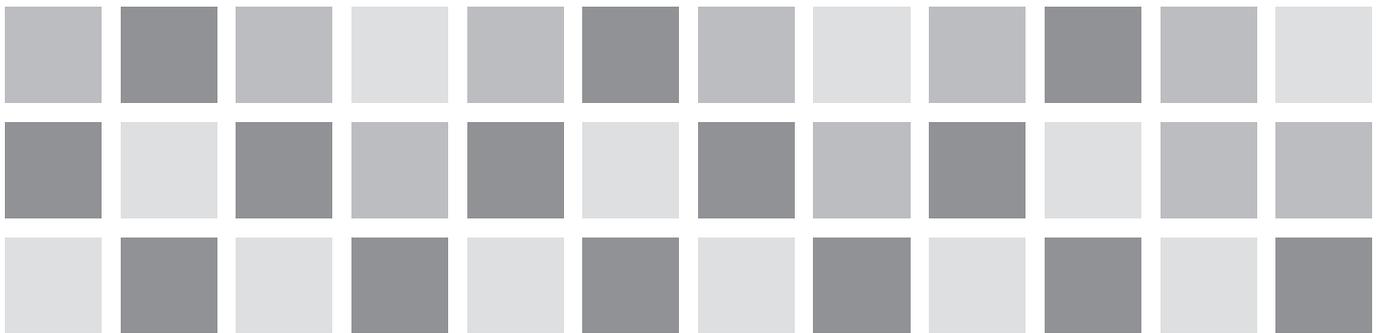


# MFS<sup>®</sup> Utilities Series

MFS<sup>®</sup> Variable Insurance Trust



## ANNUAL REPORT

*December 31, 2011*

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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.**

**NOT FDIC INSURED • MAY LOSE VALUE • NO BANK OR CREDIT UNION GUARANTEE •  
NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY OR NCUA/NCUSIF**

## 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,

A handwritten signature in black ink that reads "Robert J. Manning". The signature is written in a cursive, flowing style.

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

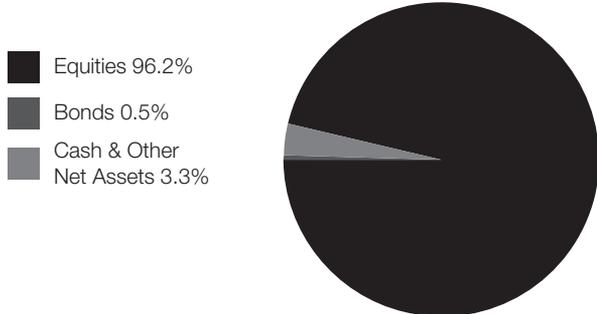
*February 15, 2012*

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 Utilities Series

## PORTFOLIO COMPOSITION

### Portfolio structure (i)



### Top ten holdings (i)

El Paso Corp.	4.3%
Comcast Corp.	3.7%
CMS Energy Corp.	3.0%
Williams Cos, Inc.	2.8%
Public Service Enterprise Group, Inc.	2.8%
Virgin Media, Inc.	2.6%
AES Corp.	2.6%
Edison Intl.	2.4%
Energias De Portugal	2.2%
CEZ AS	1.9%

### Top five industries (i)

Utilities-Electric Power	47.8%
Cable TV	10.4%
Natural Gas – Pipeline	10.3%
Telephone Services	8.7%
Telecommunications – Wireless	7.8%

### Issuer country weightings (i)(x)

United States	67.9%
Brazil	8.2%
United Kingdom	4.0%
Portugal	3.3%
Spain	2.6%
Germany	2.6%
Czech Republic	1.9%
Chile	1.9%
Israel	1.6%
Other Countries	6.0%

(i) For purposes of this presentation, the components include the market value of securities. The bond component will include any accrued interest amounts. Where the fund holds convertible bonds, these are treated as part of the equity portion of the portfolio.

(x) Represents the portfolio's exposure to issuer countries 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 Utilities Series (the “fund”) provided a total return of 6.78%, while Service Class shares of the fund provided a total return of 6.51%. These compare with a return of 2.11% for the fund’s benchmark, the Standard & Poor’s 500 Stock Index, and a return of 19.91% for the fund’s other benchmark, the Standard & Poor’s 500 Utilities Index (“S&P Utilities 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.

### Detractors from Performance

Stock selection in the *electric power* industry was a primary factor for the fund’s underperformance relative to the S&P Utilities Index. The fund’s holdings of electric utility companies, Fortum Oyj<sup>(b)</sup> (Finland) and CEZ<sup>(b)</sup> (Czech Republic), held back relative returns. Shares of Fortum Oyj declined late in the period as the company reported weak earnings driven by high costs in Russia, where production volumes and prices also declined. Additionally, fears over the euro zone crisis, and declining CO<sub>2</sub> and Nordic power prices, further held back the stock. Not holding shares of strong-performing electric power & natural gas distributors, Duke Energy and Dominion Resources, and electric utility company Progress Energy also dampened relative results.

The fund’s exposure to the *wireless communications* industry, which is not represented in the benchmark, hampered relative performance. Holdings of weak-performing wireless communications providers, NII Holdings and Cellcom Israel, held back relative returns. NII Holdings faced intense competition in the industry particularly in Brazil.

The fund’s out-of-benchmark exposure to the *telephone services* industry also weighed on relative results. There were no individual stocks within this industry that were among the fund’s top relative detractors.

The fund’s exposure to the *cable TV* industry, which is not represented in the benchmark, was an additional negative factor for relative performance. The fund’s holding of media and communications services company Virgin Media hindered relative returns. The company reported a loss during the period as average revenue per user declined and churn rates increased.

Elsewhere, holdings of oil and natural gas producer QEP Resources, and the timing of the fund’s ownership in shares of strong-performing natural gas distribution company Oneok, were also among the fund’s top relative detractors.

During the reporting period, the fund’s currency exposure, resulting primarily from holdings of foreign currency denominated securities, was a detractor from relative performance. All of MFS’ investment decisions are driven by the fundamentals of each individual opportunity and as such, it is common for our portfolios to have different currency exposure than the benchmark.

### Contributors to Performance

The fund’s out-of-benchmark exposure to the *natural gas pipeline* industry boosted relative performance. Within this industry, holdings of gas pipeline companies, El Paso and Williams Companies, supported relative returns. In October, natural gas pipelines operator Kinder Morgan signed a definitive agreement to purchase El Paso at a substantial premium which helped El Paso’s stock price to rise.

Elsewhere, the fund’s holdings of Brazilian cellular telecommunications provider Vivo Participacoes<sup>(b)(h)</sup>, integrated energy company EQT Corporation<sup>(b)</sup>, and natural gas distributor Southern Union<sup>(b)(h)</sup> bolstered relative returns. Vivo Participacoes was acquired by Brazilian wireless company Telecomunicacoes de Sao Paulo at a premium, which helped the stock price to appreciate. The timing of the fund’s ownership in shares of California-based utility company PG&E<sup>(h)</sup>, electric utility

## MFS Utilities Series

*Management Review – continued*

companies, Exelon and Edison International, and integrated energy company Entergy<sup>(h)</sup> also helped relative performance. PG&E stock came under pressure as the company trimmed its 2012-2013 profit estimates due to its plans to increase spending on improving its operations and customer service. Additionally, concerns about the potential for dilution in 2014 from penalties in the aftermath of last year's tragic explosion at one of its pipelines in San Bruno, California, which the company has taken financial responsibility for, also weighed on the stock. The fund's underweight position in energy services holding company Sempra Energy, which underperformed the benchmark, was another contributor to relative performance.

Respectfully,

Robert Persons	Maura Shaughnessy
Portfolio Manager	Portfolio Manager

(b) Security is not a benchmark constituent.

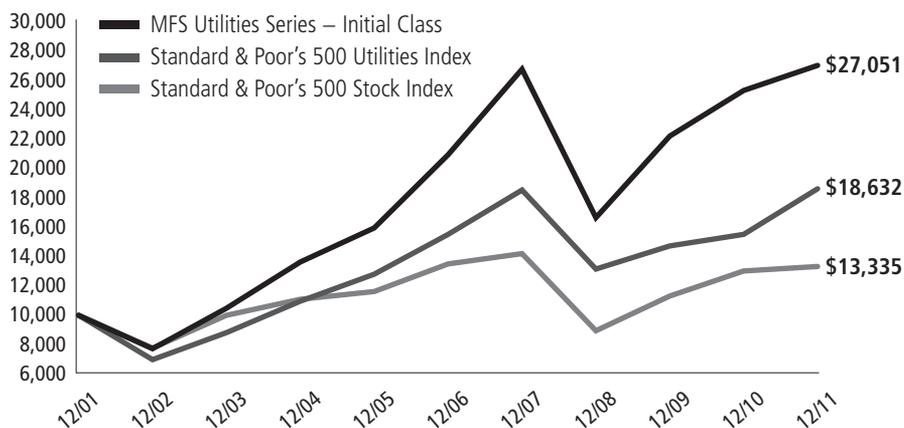
(h) Security was not held in the fund at period end.

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	1/03/95	6.78%	5.23%	10.46%
Service Class	5/01/00	6.51%	4.97%	10.20%

**Comparative benchmarks**

Standard & Poor’s 500 Stock Index (f)	2.11%	(0.25)%	2.92%
Standard & Poor’s 500 Utilities Index (f)	19.91%	3.71%	6.42%

(f) Source: FactSet Research Systems Inc.

**Benchmark Definitions**

Standard & Poor’s 500 Stock Index – a market capitalization-weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance.

Standard & Poor’s 500 Utilities Index – a market capitalization-weighted index designed to measure the utilities sector, including those companies considered electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power.

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.

## MFS Utilities Series

### 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	0.81%	\$1,000.00	\$964.42	\$4.01
	Hypothetical (h)	0.81%	\$1,000.00	\$1,021.12	\$4.13
Service Class	Actual	1.06%	\$1,000.00	\$963.15	\$5.25
	Hypothetical (h)	1.06%	\$1,000.00	\$1,019.86	\$5.40

(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 (\$)	Issuer	Shares/Par	Value (\$)
<b>COMMON STOCKS – 91.3%</b>			<b>COMMON STOCKS – continued</b>		
<b>Broadcasting – 0.6%</b>			<b>Telephone Services – continued</b>		
Viacom, Inc., "B"	252,570	\$ 11,469,201	CenturyLink, Inc.	535,101	\$ 19,905,757
<b>Cable TV – 9.7%</b>			Crown Castle International Corp. (a)	402,640	18,038,272
Comcast Corp., "Special A"	3,115,950	\$ 73,411,782	Deutsche Telekom AG	907,290	10,409,819
Liberty Global, Inc., "A" (a)	393,590	16,148,998	Frontier Communications Corp.	571,110	2,941,217
Telenet Group Holding N.V.	561,935	21,409,854	Kabel Deutschland Holding AG (a)	402,327	20,359,785
Time Warner Cable, Inc.	470,940	29,937,656	Portugal Telecom, SGPS, S.A.	997,881	5,747,210
Virgin Media, Inc.	2,403,600	51,388,968	PT XL Axiata Tbk	20,341,500	10,151,121
		\$ 192,297,258	Telecom Italia S.p.A.	18,033,215	16,091,789
			Telefonica Brasil S.A., ADR	1,259,648	34,426,180
					\$ 172,606,334
<b>Energy – Independent – 5.2%</b>			<b>Utilities – Electric Power – 43.7%</b>		
Arch Coal, Inc.	605,350	\$ 8,783,629	AES Corp. (a)	4,314,620	\$ 51,085,101
Energen Corp.	190,680	9,534,000	AES Tiete S.A., IPS	567,359	8,176,175
EQT Corp.	567,190	31,076,340	Aguas Andinas S.A.	29,187,146	16,742,578
Occidental Petroleum Corp.	114,150	10,695,855	American Electric Power Co., Inc.	926,910	38,290,652
QEP Resources, Inc.	944,340	27,669,162	Calpine Corp. (a)	2,200,770	35,938,574
Ultra Petroleum Corp. (a)	250,080	7,409,870	CenterPoint Energy, Inc.	1,027,600	20,644,484
Williams Partners LP	139,510	8,369,205	CEZ A.S.	974,152	38,755,832
		\$ 103,538,061	China Hydroelectric Corp., ADR (a)	482,890	550,495
			CMS Energy Corp.	2,718,400	60,022,272
<b>Natural Gas – Distribution – 5.4%</b>			Companhia de Saneamento Basico do		
AGL Resources, Inc.	255,916	\$ 10,815,010	Estado de Sao Paulo (a)	41,100	1,146,459
GDF SUEZ	638,267	17,359,066	Companhia de Saneamento de Minas		
National Fuel Gas Co.	88,840	4,937,727	Gerais – Copasa MG	897,600	16,072,827
ONEOK, Inc.	57,090	4,949,132	Companhia Energetica de Minas Gerais,		
Sempra Energy	626,810	34,474,550	IPS	40,400	720,605
Spectra Energy Corp.	829,280	25,500,360	Companhia Paranaense de Energia, ADR	376,080	7,890,158
UGI Corp.	344,280	10,121,832	Companhia Paranaense de Energia, IPS	331,200	6,907,214
		\$ 108,157,677	Constellation Energy Group, Inc.	593,110	23,528,674
			E-CL S.A.	3,098,610	8,249,043
<b>Natural Gas – Pipeline – 10.3%</b>			E.ON AG	469,198	10,085,979
El Paso Corp.	3,235,457	\$ 85,966,092	Edison International	1,168,550	48,377,970
Enagas S.A.	1,444,428	26,628,094	EDP Renovaveis S.A. (a)	2,954,861	18,039,610
Kinder Morgan, Inc. (l)	804,570	25,883,017	Eletropaulo Metropolitana S.A., IPS	102,500	2,005,763
Williams Cos., Inc. (a)	2,042,555	55,169,411	ENEL OGK-5 OAO (a)	33,302,672	1,831,647
WPX Energy, Inc. (a)	604,551	10,984,692	Energias de Portugal S.A.	13,833,181	42,807,508
		\$ 204,631,306	Energias do Brasil S.A.	679,000	15,107,090
			Enersis S.A., ADR	678,180	11,956,313
<b>Oil Services – 0.5%</b>			Exelon Corp.	218,640	9,482,417
Transocean, Inc.	279,370	\$ 10,725,014	FirstEnergy Corp.	394,550	17,478,565
			Fortum Corp.	936,421	19,923,160
<b>Telecommunications – Wireless – 7.2%</b>			GenOn Energy, Inc. (a)	7,658,520	19,988,737
Cellcom Israel Ltd.	1,079,210	\$ 18,238,649	International Power PLC	4,850,752	25,402,011
Mobile TeleSystems OJSC, ADR	962,910	14,135,519	ITC Holdings Corp.	39,748	3,016,078
MTN Group Ltd.	571,364	10,147,824	Light S.A.	1,034,040	15,965,877
NII Holdings, Inc. (a)	1,018,460	21,693,198	National Grid PLC	2,073,247	20,123,454
SBA Communications Corp. (a)	461,800	19,838,928	NextEra Energy, Inc.	584,960	35,612,365
Tim Participacoes S.A., ADR	1,395,153	35,994,947	Northeast Utilities	355,873	12,836,339
Vodafone Group PLC	8,609,186	23,919,048	NRG Energy, Inc. (a)	1,330,904	24,115,980
		\$ 143,968,113	NV Energy, Inc.	786,820	12,864,507
			OGE Energy Corp.	453,000	25,689,630
<b>Telephone Services – 8.7%</b>			OGK-4 OAO (a)	30,835,800	2,035,163
American Tower Corp., "A" (a)	343,100	\$ 20,589,431			
Bezeq – The Israel Telecommunication					
Corp. Ltd.	7,612,040	13,945,753			

## MFS Utilities Series

Portfolio of Investments – continued

Issuer	Shares/Par	Value (\$)
<b>COMMON STOCKS – continued</b>		
<b>Utilities – Electric Power – continued</b>		
PPL Corp.	532,390	\$ 15,662,914
Public Service Enterprise Group, Inc.	1,659,310	54,773,823
Red Electrica de Espana	572,941	24,446,551
RWE AG	288,710	10,114,202
SSE PLC	540,296	10,832,519
TGK International GmbH	6,417,626,537	1,861,112
Tractebel Energia S.A.	1,158,300	18,604,835
Verbund AG	154,010	4,133,056
		<u>\$ 869,896,318</u>

**Total Common Stocks**  
(Identified Cost, \$1,785,556,956) **\$1,817,289,282**

<b>BONDS – 0.5%</b>		
<b>Asset-Backed &amp; Securitized – 0.0%</b>		
Falcon Franchise Loan LLC, FRN, 4.696%, 2023 (i)(z)	\$ 149,073	\$ 8,959

<b>Utilities – Electric Power – 0.5%</b>		
GenOn Energy, Inc., 9.875%, 2020	\$ 10,119,000	\$ 10,270,785

**Total Bonds**  
(Identified Cost, \$10,117,023) **\$ 10,279,744**

### CONVERTIBLE PREFERRED STOCKS – 3.6%

<b>Utilities – Electric Power – 3.6%</b>		
Great Plains Energy, Inc., 12%	208,210	\$ 13,841,801
NextEra Energy, Inc., 7%	346,300	18,457,790
PPL Corp., 9.5%	350,390	19,562,274
PPL Corp., 8.75%	353,810	19,636,455

**Total Convertible Preferred Stocks**  
(Identified Cost, \$67,800,543) **\$ 71,498,320**

Issuer	Shares/Par	Value (\$)
<b>CONVERTIBLE BONDS – 1.3%</b>		
<b>Cable TV – 0.8%</b>		
Virgin Media, Inc., 6.5%, 2016	\$10,490,000	\$ 14,515,538
<b>Telecommunications – Wireless – 0.5%</b>		
SBA Communications Corp., 4%, 2014	\$ 6,876,000	\$ 10,451,520
<b>Total Convertible Bonds</b> (Identified Cost, \$21,473,027) <b>\$ 24,967,058</b>		

<b>MONEY MARKET FUNDS – 3.0%</b>		
MFS Institutional Money Market Portfolio, 0.05%, at Cost and Net Asset Value (v)	60,086,370	\$ 60,086,370

<b>COLLATERAL FOR SECURITIES LOANED – 1.0%</b>		
Navigator Securities Lending Prime Portfolio, 0.27%, at Cost and Net Asset Value (j)	20,080,172	\$ 20,080,172

**Total Investments**  
(Identified Cost, \$1,965,114,091) **\$2,004,200,946**

OTHER ASSETS, LESS  
LIABILITIES – (0.7%) **(13,497,037)**  
**Net Assets – 100.0% \$1,990,703,909**

- (a) Non-income producing security.
- (i) Interest only security for which the fund receives interest on notional principal (Par amount). Par amount shown is the notional principal and does not reflect the cost of the 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.
- (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.
- (z) Restricted securities are not registered under the Securities Act of 1933 and are subject to legal restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are subsequently registered. Disposal of these securities may involve time-consuming negotiations and prompt sale at an acceptable price may be difficult. The fund holds the following restricted securities:

Restricted Securities	Acquisition Date	Cost	Value
Falcon Franchise Loan LLC, FRN, 4.696%, 2023	1/18/02	\$8,498	\$8,959
% of Net assets			0.0%

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

ADR	American Depository Receipt
FRN	Floating Rate Note. Interest rate resets periodically and may not be the rate reported at period end.
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:

BRL	Brazilian Real
EUR	Euro
GBP	British Pound

## Portfolio of Investments – continued

## Derivative Contracts at 12/31/11

## Forward Foreign Currency Exchange Contracts at 12/31/11

Type	Currency	Counterparty	Contracts to Deliver/Receive	Settlement Date Range	In Exchange For	Contracts at Value	Net Unrealized Appreciation (Depreciation)
<b>Asset Derivatives</b>							
SELL	BRL	Barclays Bank PLC	14,685,000	2/02/12	\$ 8,406,320	\$ 7,819,520	\$ 586,800
SELL	BRL	HSBC Bank	46,642,684	2/02/12	26,821,555	24,836,460	1,985,095
SELL	BRL	JPMorgan Chase Bank N.A.	2,800,000	2/02/12	1,575,246	1,490,954	84,292
SELL	EUR	Barclays Bank PLC	2,722,270	1/12/12	3,667,905	3,523,471	144,434
SELL	EUR	Citibank N.A.	1,111,709	1/12/12	1,519,521	1,438,901	80,620
SELL	EUR	Credit Suisse Group	5,606,150	1/12/12	7,566,977	7,256,115	310,862
SELL	EUR	Deutsche Bank AG	4,711,695	1/12/12	6,297,725	6,098,410	199,315
SELL	EUR	Goldman Sachs International	652,455	1/12/12	883,979	844,482	39,497
SELL	EUR	HSBC Bank	2,478,828	1/12/12	3,296,349	3,208,380	87,969
SELL	EUR	JPMorgan Chase Bank N.A.	3,172,632	1/12/12	4,276,495	4,106,380	170,115
SELL	EUR	Merrill Lynch International Bank	6,289,593	1/12/12	8,394,356	8,140,705	253,651
SELL	EUR	Royal Bank of Scotland Group PLC	143,789	1/12/12	194,462	186,108	8,354
SELL	EUR	UBS AG	95,723,399	1/12/12-3/15/12	128,011,991	123,964,178	4,047,813
BUY	GBP	Credit Suisse Group	458,260	1/12/12	704,918	711,629	6,711
SELL	GBP	Barclays Bank PLC	2,397,904	1/12/12	3,788,852	3,723,689	65,163
SELL	GBP	JPMorgan Chase Bank N.A.	14,893	1/12/12	23,230	23,127	103
							<u>\$ 8,070,794</u>
<b>Liability Derivatives</b>							
BUY	EUR	Barclays Bank PLC	705,102	1/12/12	\$ 1,001,040	\$ 912,622	\$ (88,418)
BUY	EUR	Citibank N.A.	154,172	1/12/12	214,503	199,547	(14,956)
BUY	EUR	Deutsche Bank AG	168,579	1/12/12	218,563	218,194	(369)
BUY	EUR	Merrill Lynch International Bank	152,321	1/12/12	199,116	197,152	(1,964)
BUY	EUR	UBS AG	953,939	1/12/12	1,317,063	1,234,696	(82,367)
SELL	EUR	Barclays Bank PLC	212,875	1/12/12	275,441	275,526	(85)
SELL	EUR	Deutsche Bank AG	568,120	1/12/12	735,173	735,325	(152)
BUY	GBP	Barclays Bank PLC	1,584,024	1/12/12	2,498,577	2,459,820	(38,757)
BUY	GBP	Credit Suisse Group	231	1/12/12	361	359	(2)
BUY	GBP	Deutsche Bank AG	323,896	1/12/12	505,921	502,976	(2,945)
BUY	GBP	Morgan Stanley Capital Services, Inc.	147,875	1/12/12	229,711	229,634	(77)
SELL	GBP	Barclays Bank PLC	27,425,252	1/12/12	42,155,250	42,588,491	(433,241)
SELL	GBP	Credit Suisse Group	364,287	1/12/12	564,306	565,699	(1,393)
SELL	GBP	Deutsche Bank AG	27,273,941	1/12/12	41,925,638	42,353,520	(427,882)
SELL	GBP	Merrill Lynch International Bank	252,722	1/12/12	391,044	392,450	(1,406)
							<u>\$(1,094,014)</u>

At December 31, 2011, the fund had sufficient cash and/or securities to cover any commitments under these derivative contracts.

## See Notes to Financial Statements

## MFS Utilities Series

### 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, \$1,905,027,721)	\$1,944,114,576
Underlying affiliated funds, at cost and value	60,086,370
<b>Total investments, at value, including \$20,030,361 of securities on loan (identified cost, \$1,965,114,091)</b>	<b>\$2,004,200,946</b>
Restricted cash	350,000
Foreign currency, at value (identified cost, \$1,228,837)	1,224,345
Receivables for	
Forward foreign currency exchange contracts	8,070,794
Investments sold	16,662,551
Fund shares sold	1,139,169
Interest and dividends	5,502,186
Other assets	21,579
<b>Total assets</b>	<b>\$2,037,171,570</b>

#### Liabilities

Payables for	
Forward foreign currency exchange contracts	\$1,094,014
Investments purchased	23,436,120
Fund shares reacquired	1,392,484
Collateral for securities loaned, at value	20,080,172
Payable to affiliates	
Investment adviser	120,805
Shareholder servicing costs	1,624
Distribution and/or service fees	29,864
Payable for independent Trustees' compensation	76
Accrued expenses and other liabilities	312,502
<b>Total liabilities</b>	<b>\$46,467,661</b>
<b>Net assets</b>	<b>\$1,990,703,909</b>

#### Net assets consist of

Paid-in capital	\$1,979,293,239
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	46,007,114
Accumulated net realized gain (loss) on investments and foreign currency transactions	(111,798,243)
Undistributed net investment income	77,201,799
<b>Net assets</b>	<b>\$1,990,703,909</b>
<b>Shares of beneficial interest outstanding</b>	<b>77,094,936</b>

	Net assets	Shares outstanding	Net asset value per share
Initial Class	\$532,446,639	20,418,495	\$26.08
Service Class	1,458,257,270	56,676,441	25.73

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**

<b>Income</b>		
Dividends		\$92,265,029
Interest		1,002,551
Dividends from underlying affiliated funds		30,688
Foreign taxes withheld		(5,295,766)
<b>Total investment income</b>		<b>\$88,002,502</b>
<b>Expenses</b>		
Management fee		\$14,171,337
Distribution and/or service fees		3,520,674
Shareholder servicing costs		213,267
Administrative services fee		294,392
Independent Trustees' compensation		41,573
Custodian fee		515,100
Shareholder communications		225,910
Auditing fees		52,055
Legal fees		30,721
Miscellaneous		108,699
<b>Total expenses</b>		<b>\$19,173,728</b>
Fees paid indirectly		(796)
Reduction of expenses by investment adviser		(8,175)
<b>Net expenses</b>		<b>\$19,164,757</b>
<b>Net investment income</b>		<b>\$68,837,745</b>
<b>Realized and unrealized gain (loss) on investments and foreign currency transactions</b>		
Realized gain (loss) (identified cost basis)		
Investment transactions		\$123,485,987
Foreign currency transactions		7,651,112
<b>Net realized gain (loss) on investments and foreign currency transactions</b>		<b>\$131,137,099</b>
Change in unrealized appreciation (depreciation)		
Investments		\$(85,977,929)
Translation of assets and liabilities in foreign currencies		7,004,412
<b>Net unrealized gain (loss) on investments and foreign currency translation</b>		<b>\$(78,973,517)</b>
<b>Net realized and unrealized gain (loss) on investments and foreign currency</b>		<b>\$52,163,582</b>
<b>Change in net assets from operations</b>		<b>\$121,001,327</b>

**See Notes to Financial Statements**

## MFS Utilities Series

### 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
<b>Change in net assets</b>		
<b>From operations</b>		
Net investment income	\$68,837,745	\$57,761,335
Net realized gain (loss) on investments and foreign currency transactions	131,137,099	74,636,945
Net unrealized gain (loss) on investments and foreign currency translation	(78,973,517)	92,299,866
Change in net assets from operations	\$121,001,327	\$224,698,146
<b>Distributions declared to shareholders</b>		
From net investment income	\$(60,160,403)	\$(53,910,218)
Change in net assets from fund share transactions	\$52,904,945	\$(68,416,700)
Total change in net assets	\$113,745,869	\$102,371,228
<b>Net assets</b>		
At beginning of period	1,876,958,040	1,774,586,812
At end of period (including undistributed net investment income of \$77,201,799 and \$60,153,580, respectively)	\$1,990,703,909	\$1,876,958,040

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	\$25.27	\$22.92	\$18.21	\$34.48	\$29.27
<b>Income (loss) from investment operations</b>					
Net investment income (d)	\$0.97	\$0.79	\$0.80	\$0.73	\$0.71
Net realized and unrealized gain (loss) on investments and foreign currency	0.70	2.29	4.90	(11.97)	7.10
Total from investment operations	\$1.67	\$3.08	\$5.70	\$(11.24)	\$7.81
<b>Less distributions declared to shareholders</b>					
From net investment income	\$(0.86)	\$(0.73)	\$(0.99)	\$(0.44)	\$(0.32)
From net realized gain on investments	—	—	—	(4.59)	(2.28)
Total distributions declared to shareholders	\$(0.86)	\$(0.73)	\$(0.99)	\$(5.03)	\$(2.60)
Net asset value, end of period (x)	\$26.08	\$25.27	\$22.92	\$18.21	\$34.48
Total return (%) (k)(r)(s)(x)	6.78	13.81	33.44	(37.77)	27.90
<b>Ratios (%) (to average net assets) and Supplemental data:</b>					
Expenses before expense reductions (f)	0.80	0.81	0.83	0.84	0.85
Expenses after expense reductions (f)	0.80	0.81	0.83	0.81	0.82
Net investment income	3.71	3.47	4.11	2.76	2.22
Portfolio turnover	53	56	70	68	84
Net assets at end of period (000 omitted)	\$532,447	\$541,653	\$564,822	\$495,297	\$969,404

See Notes to Financial Statements

## MFS Utilities Series

Financial Highlights – continued

Service Class	Years ended 12/31				
	2011	2010	2009	2008	2007
Net asset value, beginning of period	\$24.95	\$22.65	\$17.98	\$34.11	\$29.01
<b>Income (loss) from investment operations</b>					
Net investment income (d)	\$0.89	\$0.73	\$0.73	\$0.66	\$0.62
Net realized and unrealized gain (loss) on investments and foreign currency	0.70	2.25	4.86	(11.82)	7.03
Total from investment operations	\$1.59	\$2.98	\$5.59	\$(11.16)	\$7.65
<b>Less distributions declared to shareholders</b>					
From net investment income	\$(0.81)	\$(0.68)	\$(0.92)	\$(0.38)	\$(0.27)
From net realized gain on investments	—	—	—	(4.59)	(2.28)
Total distributions declared to shareholders	\$(0.81)	\$(0.68)	\$(0.92)	\$(4.97)	\$(2.55)
Net asset value, end of period (x)	\$25.73	\$24.95	\$22.65	\$17.98	\$34.11
Total return (%) (k)(r)(s)(x)	6.51	13.51	33.09	(37.91)	27.56
<b>Ratios (%) (to average net assets) and Supplemental data:</b>					
Expenses before expense reductions (f)	1.05	1.06	1.08	1.09	1.10
Expenses after expense reductions (f)	1.05	1.06	1.07	1.06	1.07
Net investment income	3.45	3.23	3.83	2.54	1.96
Portfolio turnover	53	56	70	68	84
Net assets at end of period (000 omitted)	\$1,458,257	\$1,335,305	\$1,209,765	\$992,502	\$1,715,446

(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.

(r) Certain expenses have been reduced without which performance would have been lower.

(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 Utilities Series (the fund) is a series of MFS Variable Insurance Trust (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 primarily in securities of issuers in the utility industry. Issuers in a single industry can react similarly to market, economic, political and regulatory conditions and developments. The fund invests in foreign securities, including securities of emerging market issuers. 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. The markets of emerging markets countries are generally more volatile than the markets of developed countries with more mature economies. All of the risks of investing in foreign securities previously described are heightened when investing in emerging markets countries.

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. Debt instruments and floating rate loans (other than short-term instruments), including restricted debt instruments, are generally valued at an evaluated or composite bid as provided by a third-party pricing service. Short-term instruments with a maturity at issuance of 60 days or less generally are valued at amortized cost, which approximates market value. Forward foreign currency exchange contracts are generally valued at the mean of bid and asked prices for the time period interpolated from rates provided by a third-party pricing service for proximate time periods. 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

## MFS Utilities Series

Notes to Financial Statements – continued

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. Other financial instruments are derivative instruments not reflected in total investments, such as forward foreign currency exchange contracts. 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
<b>Equity Securities:</b>				
United States	\$1,249,335,710	\$—	\$—	\$1,249,335,710
Brazil	163,018,130	—	—	163,018,130
United Kingdom	80,277,031	—	—	80,277,031
Portugal	48,554,719	18,039,610	—	66,594,329
Spain	—	51,074,645	—	51,074,645
Germany	10,409,819	40,559,966	—	50,969,785
Czech Republic	38,755,832	—	—	38,755,832
Chile	36,947,934	—	—	36,947,934
Israel	32,184,402	—	—	32,184,402
Other Countries	32,837,000	86,792,804	—	119,629,804
Corporate Bonds	—	35,237,843	—	35,237,843
Commercial Mortgage-Backed Securites	—	8,959	—	8,959
Mutual Funds	80,166,542	—	—	80,166,542
<b>Total Investments</b>	<b>\$1,772,487,119</b>	<b>\$231,713,827</b>	<b>\$—</b>	<b>\$2,004,200,946</b>
<b>Other Financial Instruments</b>				
Forward Foreign Currency Exchange	\$—	\$6,976,780	\$—	\$6,976,780

For further information regarding security characteristics, see the Portfolio of Investments.

**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 forward foreign currency exchange contracts. The fund's period end derivatives, as presented in the Portfolio of Investments and the associated Derivative Contract Tables, generally are indicative of the volume of its derivative activity during the period.

## Notes to Financial Statements – continued

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	
		Asset Derivatives	Liability Derivatives
Foreign Exchange	Forward Foreign Currency Exchange	\$8,070,794	\$(1,094,014)

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	Foreign Currency Transactions
Foreign Exchange	\$9,606,569

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	Translation of Assets and Liabilities in Foreign Currencies
Foreign Exchange	\$7,071,522

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.

**Forward Foreign Currency Exchange Contracts** – The fund entered into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. These contracts may be used to hedge the fund's currency risk or for non-hedging purposes. For hedging purposes, the fund may enter into contracts to deliver or receive foreign currency that the fund will receive from or use in its normal investment activities. The fund may also use contracts to hedge against declines in the value of foreign currency denominated securities due to unfavorable exchange rate movements. For non-hedging purposes, the fund may enter into contracts with the intent of changing the relative exposure of the fund's portfolio of securities to different currencies to take advantage of anticipated exchange rate changes.

Forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any unrealized gains or losses are recorded as a receivable or payable for forward foreign currency exchange contracts until the contract settlement date. On contract settlement date, any gain or loss on the contract is recorded as realized gains or losses on foreign currency transactions.

Risks may arise upon entering into these contracts from unanticipated movements in the value of the contract and from the potential inability of counterparties to meet the terms of their contracts. Generally, the fund's maximum risk due to

## MFS Utilities Series

Notes to Financial Statements – continued

counterparty credit risk is the unrealized gain on the contract due to the use of Continuous Linked Settlement, an industry accepted settlement system. 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. All premium and discount is amortized or accreted for financial statement purposes in accordance with U.S. generally accepted accounting principles. 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 amortization and accretion of debt securities, wash sale loss deferrals, and derivative transactions.

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)	\$60,160,403	\$53,910,218

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	\$1,975,304,091
Gross appreciation	206,009,875
Gross depreciation	(177,113,020)
Net unrealized appreciation (depreciation)	\$28,896,855
Undistributed ordinary income	84,208,490
Capital loss carryforwards	(101,608,243)
Other temporary differences	(86,432)

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:	
12/31/17	\$(101,608,243)

**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	\$17,376,268	\$17,038,959
Service Class	42,784,135	36,871,259
Total	\$60,160,403	\$53,910,218

### (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	0.75%
Average daily net assets in excess of \$1 billion	0.70%

The management fee incurred for the year ended December 31, 2011 was equivalent to an annual effective rate of 0.73% 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 \$211,358, 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 \$1,909.

## MFS Utilities Series

Notes to Financial Statements – continued

**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 0.0151% of the fund's average daily net assets.

**Trustees' and Officers' Compensation** – The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or 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 and Trustees 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. For the year ended December 31, 2011, the aggregate fees paid by the fund to Tarantino LLC and Griffin Compliance LLC were \$17,336 and are included in miscellaneous expense on the Statement of Operations. MFS has agreed to reimburse the fund for a portion of the payments made by the fund in the amount of \$8,175, which is shown as a reduction of total expenses in the Statement of Operations. Additionally, MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ICCO and Assistant ICCO.

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 \$1,083,161,946 and \$1,027,300,302, 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	1,930,246	\$51,018,561	1,843,606	\$42,047,040
Service Class	7,808,390	201,808,348	5,744,719	129,754,840
	9,738,636	\$252,826,909	7,588,325	\$171,801,880
Shares issued to shareholders in reinvestment of distributions				
Initial Class	697,562	\$17,376,268	752,272	\$17,038,959
Service Class	1,739,192	42,784,135	1,646,038	36,871,259
	2,436,754	\$60,160,403	2,398,310	\$53,910,218
Shares reacquired				
Initial Class	(3,642,984)	\$(95,642,985)	(5,803,553)	\$(131,670,247)
Service Class	(6,387,884)	(164,439,382)	(7,287,517)	(162,458,551)
	(10,030,868)	\$(260,082,367)	(13,091,070)	\$(294,128,798)
Net change				
Initial Class	(1,015,176)	\$(27,248,156)	(3,207,675)	\$(72,584,248)
Service Class	3,159,698	80,153,101	103,240	4,167,548
	2,144,522	\$52,904,945	(3,104,435)	\$(68,416,700)

### (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

Notes to Financial Statements – continued

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 \$15,037 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	28,020,520	471,558,953	(439,493,103)	60,086,370
Underlying Affiliated Funds	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	\$—	\$—	\$30,688	\$60,086,370

## **MFS Utilities Series**

### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Trustees of MFS Variable Insurance Trust and the Shareholders of MFS Utilities Series:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of MFS Utilities Series (the "Fund") (one of the series comprising MFS Variable Insurance Trust) 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 Utilities Series 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

## 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.

<u>Name, Age</u>	<u>Position(s) Held with Fund</u>	<u>Trustee/Officer Since <sup>(h)</sup></u>	<u>Principal Occupations During the Past Five Years</u>	<u>Other Directorships <sup>(i)</sup></u>
<b>INTERESTED TRUSTEES</b>				
Robert J. Manning <sup>(k)</sup> (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
<b>INDEPENDENT TRUSTEES</b>				
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
<b>OFFICERS</b>				
John M. Corcoran <sup>(k)</sup> (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 <sup>(k)</sup> (age 38)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Kino Clark <sup>(k)</sup> (age 43)	Assistant Treasurer	January 2012	Massachusetts Financial Services Company, Assistant Vice President	N/A

## MFS Utilities Series

### Trustees and Officers – continued

<u>Name, Age</u>	<u>Position(s) Held with Fund</u>	<u>Trustee/Officer Since <sup>(h)</sup></u>	<u>Principal Occupations During the Past Five Years</u>	<u>Other Directorships <sup>(i)</sup></u>
Ethan D. Corey <sup>(k)</sup> (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 <sup>(k)</sup> (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 <sup>(k)</sup> (age 38)	Assistant Secretary and Assistant Clerk	June 2006	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Ellen Moynihan <sup>(k)</sup> (age 54)	Assistant Treasurer	April 1997	Massachusetts Financial Services Company, Senior Vice President	N/A
Susan S. Newton <sup>(k)</sup> (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 <sup>(k)</sup> (age 41)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Mark N. Polebaum <sup>(k)</sup> (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 <sup>(k)</sup> (age 41)	Assistant Secretary and Assistant Clerk	October 2007	Massachusetts Financial Services Company, Vice President and Assistant General Counsel	N/A
James O. Yost <sup>(k)</sup> (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.

(i) 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.

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**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**

Robert Persons  
Maura Shaughnessy

**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

## MFS Utilities Series

### BOARD REVIEW OF 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 Fund’s investment advisory agreement with MFS. The Trustees consider matters bearing on the Fund and its advisory arrangements at their meetings throughout the year, including a review of performance data at each regular meeting. In addition, the independent Trustees met several times over the course of three months beginning in May and ending 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 and the other investment companies that the Board oversees (the “MFS Funds”). The independent Trustees were assisted in their evaluation of the Fund’s investment advisory agreement by independent legal counsel, from whom they received separate legal advice and with whom they met separately from MFS during various contract review meetings. The independent Trustees were also assisted in this process by the MFS Funds’ Independent Chief Compliance Officer, a full-time senior officer appointed by and reporting to the independent Trustees.

In connection with their deliberations regarding the continuation of the investment advisory 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 investment advisory agreement for the Fund was considered separately, although the Trustees also took into account the common interests of all MFS Funds 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 Fund.

In connection with their contract review meetings, the Trustees received and relied upon materials that included, among other items: (i) information provided by Lipper Inc., an independent third party, on the investment performance of the Fund for various time periods ended December 31, 2010 and the investment performance of a group of funds with substantially similar investment classifications/objectives (the “Lipper performance universe”), (ii) information provided by Lipper Inc. on the Fund’s advisory fees and other expenses and the advisory fees and other expenses of comparable funds identified by Lipper Inc. (the “Lipper expense group”), (iii) information provided by MFS on the advisory fees of comparable portfolios of other clients of MFS, including institutional separate accounts 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 the MFS Funds as a whole, and compared to MFS’ institutional business, (vi) MFS’ views regarding the outlook for the mutual fund industry and the strategic business plans of MFS, (vii) descriptions of various functions performed by MFS for the Funds, 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 and the other MFS Funds. The comparative performance, fee and expense information prepared and provided by Lipper Inc. 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 a comprehensive consideration of all information provided to the Trustees and not the result of any single factor. Some of the factors that figured particularly in the Trustees’ deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors. It is also important to recognize that the fee arrangements for the Fund and other MFS Funds are the result of 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 in 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 Inc., the Trustees reviewed the Fund’s total return investment performance as well as the performance of peer groups of funds 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 three-year period ended December 31, 2010, which the Trustees believed was a long enough period to reflect differing market conditions. The total return performance of the Fund’s Initial Class shares was in the 1st quintile relative to the other funds in the universe for this three-year period (the 1st quintile being the best performers and the 5th quintile being the worst performers). The total return performance of the Fund’s Initial Class shares was in the 1st quintile for each of the one- and five-year periods ended December 31, 2010 relative to the Lipper performance universe. Because of the passage of time, these performance results are likely to differ from the performance results for more recent periods, including those shown elsewhere in this report.

*Board Review of Investment Advisory Agreement – continued*

In the course of their deliberations, the Trustees took into account information provided by MFS in connection with the contract review meetings, as well as during investment review meetings conducted with portfolio management personnel during the course of the year regarding the Fund's performance. After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the investment advisory agreement, that they were satisfied with MFS' responses and efforts relating to investment performance.

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 and the advisory fee and total expense ratios of peer groups of funds based on information provided by Lipper Inc. The Trustees considered that, according to the Lipper data (which takes into account any fee reductions or expense limitations that were in effect during the Fund's last fiscal year), the Fund's effective advisory fee rate and the Fund's total expense ratio were each approximately at the Lipper expense group median.

The Trustees also considered the advisory fees charged by MFS to institutional accounts. In comparing these fees, the Trustees considered information provided by MFS as to the generally broader scope of services provided by MFS to the Fund in comparison to institutional accounts, 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 expenses associated with the more extensive regulatory regime to which the Fund is subject in comparison to institutional accounts.

The Trustees also considered whether the Fund is likely to benefit from any economies of scale in the management of the Fund in the event of growth in assets of the Fund. They noted that the Fund's advisory fee rate schedule is subject to a contractual breakpoint that reduces the Fund's advisory fee rate on average daily net assets over \$1 billion. The Trustees concluded that the existing breakpoint was sufficient to allow the Fund to benefit from economies of scale as its assets grow.

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

After reviewing these and other factors described herein, the Trustees concluded, within the context of their overall conclusions regarding the investment advisory agreement, that the advisory fees charged to the Fund represent reasonable compensation in light of the services being provided by MFS to the Fund.

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 current and developing conditions in the financial services industry, including the presence of large and well-capitalized companies which are spending, and appear to be prepared to continue to spend, substantial sums to engage personnel and to provide services to competing investment companies. In this regard, the Trustees also considered the financial resources of MFS and its ultimate parent, Sun Life Financial Inc. The Trustees also considered the advantages and possible disadvantages to the Fund of having an adviser that also serves other investment companies as well as other 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 any 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 for 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 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 Fund.

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 Fund's investment advisory agreement with MFS should be continued for an additional one-year period, commencing August 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" in the "Products and Performance" section of the MFS Web site ([mfs.com](http://mfs.com)).

## MFS Utilities Series

### 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](mailto: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" 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.

For corporate shareholders, 62.11% of the ordinary income dividends paid during the fiscal year qualify for the corporate dividends received deduction.

# FACTS

## WHAT DOES MFS DO WITH YOUR PERSONAL INFORMATION?



### 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?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	No	We don't share
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

### Questions?

Call 800-225-2606 or go to [mfs.com](http://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.

