



MFS® Utilities Series

MFS® Variable Insurance Trust
Annual report

12/31/09
VUF-ANN

MFS® UTILITIES SERIES

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

LETTER FROM THE CEO

Dear Contract Owners:

There remains some question as to when the global economy will achieve a sustainable recovery. While some economists and market watchers are optimistic that the worst is behind us, a number also agree with U.S. Federal Reserve Board Chairman Ben Bernanke who said in September that “even though from a technical perspective the recession is very likely over at this point, it’s still going to feel like a very weak economy for some time.”



Have we in fact turned the corner? We have seen tremendous rallies in the markets over the past six months. The Fed has cut interest rates aggressively toward zero to support credit markets, global deleveraging has helped diminish inflationary concerns, and stimulus measures have put more money in the hands of the government and individuals to keep the economy moving. Still, unemployment remains high, consumer confidence and spending continue to waiver, and the housing market, while improving, has a long way to go to recover.

Regardless of lingering market uncertainties, MFS® is confident that the fundamental principles of long-term investing will always apply. We encourage investors to speak with their advisors to identify and research long-term investment opportunities thoroughly. Global research continues to be one of the hallmarks of MFS, along with a unique collaboration between our portfolio managers and sector analysts, who regularly discuss potential investments before making both buy and sell decisions.

As we continue to dig out from the worst financial crisis in decades, keep in mind that while the road back to sustainable recovery will be slow, gradual, and even bumpy at times, conditions are significantly better than they were six months ago.

Respectfully,

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

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

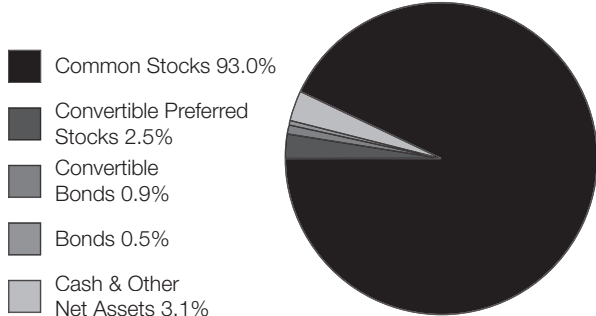
February 16, 2010

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)

Sempra Energy	3.5%
Questar Corp.	3.4%
CMS Energy Corp.	3.4%
EQT Corp.	3.2%
Williams Cos., Inc.	2.9%
AES Corp.	2.7%
PPL Corp.	2.7%
Vodafone Group PLC	2.6%
Cellcom Israel Ltd.	2.6%
Virgin Media, Inc.	2.6%

Top five industries (i)

Utilities - Electric Power	47.2%
Telephone Services	13.0%
Natural Gas - Distribution	12.9%
Telecommunications - Wireless	11.7%
Natural Gas - Pipeline	6.6%

Country weightings (i)

United States	69.3%
Brazil	6.9%
United Kingdom	4.2%
Spain	3.5%
Israel	3.3%
Germany	2.3%
Czech Republic	2.1%
France	1.7%
Netherlands	1.4%
Other Countries	5.3%

(i) For purposes of this presentation, the bond component includes accrued interest amounts and may be positively or negatively impacted by the equivalent exposure from any derivative holdings, if applicable.

Percentages are based on net assets as of 12/31/09.

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

MANAGEMENT REVIEW

Summary of Results

For the twelve months ended December 31, 2009, Initial Class shares of the MFS Utilities Series (the “fund”) provided a total return of 33.44%, while Service Class shares of the fund provided a total return of 33.09%. These compare with a return of 26.46% for the fund’s benchmark, the Standard & Poor’s 500 Stock Index, and a return of 11.91% for the fund’s other benchmark, the Standard & Poor’s 500 Utilities Index (S&P Utilities Index).

Market Environment

After having suffered through one of the largest and most concentrated downturns since the 1930s, most asset markets staged a remarkable rebound during 2009. During the early stages of the period, the fallout from a series of tumultuous financial events pushed global equity and credit markets to their lowest points during the crisis. Not only did Europe and Japan fall into very deep recessions, but an increasingly powerful engine of global growth – emerging markets – also contracted almost across the board. The subsequent recovery in global activity has been similarly synchronized, led importantly by emerging Asian economies, but broadening to include most of the global economy to varying degrees. Primary drivers of the recovery included an unwinding of the inventory destocking that took place earlier, as well as massive fiscal and monetary stimulus.

During the first half of the reporting period, with the policy rate having been cut almost to 0%, the Fed continued to use its new lending facilities to alleviate ever-tightening credit markets. On the fiscal front, the U.S. Treasury designed and began implementing a massive fiscal stimulus package. As inflationary concerns diminished in the face of global deleveraging and equity and credit markets deteriorated more sharply, central banks around the world also cut interest rates dramatically. By the middle of the period, several central banks had approached their lower bound on policy rates and were examining the implementation and ramifications of quantitative easing as a means to further loosen monetary policy to offset the continuing fall in global economic activity.

However, by the end of the period, there were ever-broadening signs that the global macroeconomic deterioration had passed, which caused the subsequent rise in asset valuations. As most asset prices rebounded in the second half of the period and the demand for liquidity waned, the debate concerning the existence of asset bubbles and the need for monetary exit strategies had begun, creating added uncertainty regarding the forward path of policy rates.

Contributors to Performance

During the reporting period, strong stock selection in the *electric power* industry contributed to the fund’s performance relative to the S&P Utilities Index. Standout performers within this industry included electricity distributor Eletropaulo Metropolitana (Brazil) ^(b), integrated electric power company AES Corp., electric utility company CMS Energy, and electric power generator AES Tiete (Brazil) ^(b). Shares of Eletropaulo Metropolitana appreciated due to its strong dividend yield, attractive valuation, and solid quality metrics. Stock of AES also performed well. The company has continued to improve its financial position, rationalize its investments, and generate good free-cash-flow. Elsewhere, not holding poor-performing electric utility companies, Exelon Corp. and Southern Company, both benchmark constituents, also had a positive impact on relative returns.

The fund’s holdings in the *telephone services* and *wireless communications* industries, which are not represented in the S&P Utilities Index, were another positive area for relative performance. Within the *telephone services industry*, telecommunications company Virgin Media ^(b) was among the fund’s top relative contributors. Stock of Virgin Media had impressive performance due to increased revenue in its U.K. broadband internet business. Within the *wireless communications* industry, Cellcom Israel ^(b) and Vivo Participacoes (Brazil) ^(b) benefited relative results. Shares of Vivo Participacoes rose significantly over the latter part of the reporting period due to increased profitability, better margins, and cost improvement strategies.

Elsewhere, our holdings of cable company Time Warner Cable ^(b) aided relative returns as the stock significantly outperformed the benchmark over the reporting period.

During the reporting period, the fund’s currency exposure was also a contributor to relative performance. All of MFS’ investment decisions are driven by the fundamentals of each individual opportunity and as such, it is common for our funds to have different currency exposures than the benchmark.

Detractors from Performance

Several individual securities that detracted from relative performance included wireless service provider Metro PCS Communications ^{(b)(h)}, electricity provider Allegheny Energy, and power generation company NRG Energy ^(b). The share price of Metro PCS came under pressure from competition for market share. The company also missed new customer and earnings targets as a result of heightened competition in the prepaid market. Elsewhere, the timing of our ownership in shares of power

MFS Utilities Series

Management Review – continued

generation company FPL Group and electricity distributor Consolidated Edison, and not holding strong-performing power and natural gas distributor Duke Energy, also negatively impacted relative results.

The fund's cash position was also a detractor from relative returns. The fund holds cash to buy new holdings and to provide liquidity. In a period when equity markets rose, as measured by the fund's benchmark, holding cash hurt performance versus the benchmark, which has no cash position.

Respectfully,

Robert Persons Maura Shaughnessy
Portfolio Manager Portfolio Manager

(b) Security is not a benchmark constituent.

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

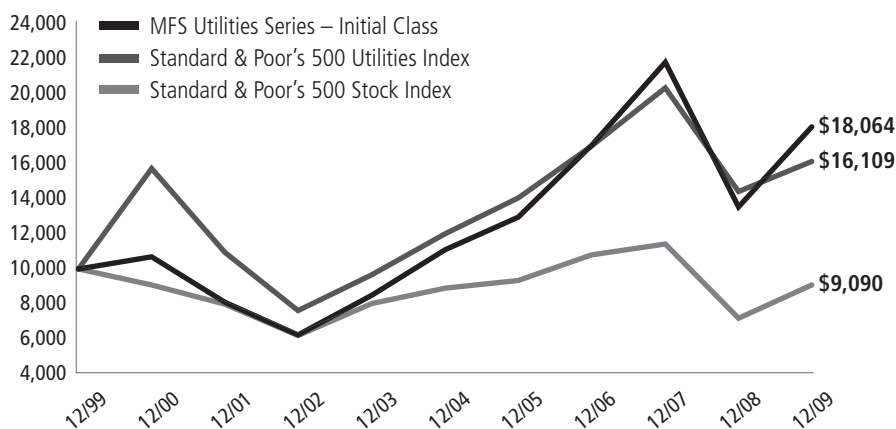
The views expressed in this report are those of the portfolio managers only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or 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 12/31/09

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 12/31/09

Average annual total returns

Share class	Class inception date	1-yr	5-yr	10-yr	Life (t)
Initial Class	1/03/95	33.44%	10.25%	6.09%	N/A
Service Class	5/01/00	33.09%	9.98%	N/A	5.70%

Comparative benchmarks

Standard & Poor's 500 Utilities Index (f)	11.91%	6.05%	4.88%	N/A
Standard & Poor's 500 Stock Index (f)	26.46%	0.42%	(0.95)%	N/A

(f) Source: FactSet Research Systems Inc.

(t) For the period from the class inception date through the stated period end (for those share classes with less than 10 years of performance history). No comparative benchmark information is provided for "life" periods. (See Notes to Performance Summary.)

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. Life returns are presented where the share class has less than 10 years of performance history and represent the average annual total return from the class inception date to the stated period end date. As the fund's share classes may have different inception dates, the life returns may represent different time periods and may not be comparable. As a result, no comparative benchmark performance information is provided for life periods.

MFS Utilities Series

Performance Summary – continued

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.

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

EXPENSE TABLE

**Fund Expenses Borne by the Contract Holders During the Period,
July 1, 2009 through December 31, 2009**

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, 2009 through December 31, 2009.

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 7/01/09	Ending Account Value 12/31/09	Expenses Paid During Period (p) 7/01/09-12/31/09
Initial Class	Actual	0.81%	\$1,000.00	\$1,204.41	\$4.50
	Hypothetical (h)	0.81%	\$1,000.00	\$1,021.12	\$4.13
Service Class	Actual	1.06%	\$1,000.00	\$1,202.87	\$5.89
	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.

MFS Utilities Series

PORTFOLIO OF INVESTMENTS – 12/31/09

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 (\$)
COMMON STOCKS – 93.0%			COMMON STOCKS – continued		
Broadcasting – 0.1%			Telephone Services – 12.6%		
Walt Disney Co.	27,200	\$ 877,200	American Tower Corp., "A" (a)	345,700	\$ 14,937,697
Cable TV – 4.2%			AT&T, Inc.	1,541,770	43,215,813
Cablevision Systems Corp., "A"	34,200	\$ 883,044	CenturyTel, Inc.	804,800	29,141,808
Comcast Corp., "Special A"	1,980,200	31,703,002	China Unicom Ltd., ADR	409,700	5,371,167
DIRECTV Group, Inc., "A" (a)	175,500	5,852,925	Crown Castle International Corp. (a)	68,100	2,658,624
Liberty Global, Inc., "A" (a)	81,100	1,776,901	Frontier Communications Corp.	917,500	7,165,675
Time Warner Cable, Inc.	809,550	33,507,274	Hellenic Telecommunications		
		\$ 73,723,146	Organization S.A.	183,000	2,679,388
Energy – Independent – 0.2%			Royal KPN N.V.	1,441,950	24,474,551
Apache Corp.	36,400	\$ 3,755,388	Singapore Telecommunications Ltd.	2,891,000	6,366,481
Natural Gas – Distribution – 12.9%			Telefonica S.A.	558,120	15,555,670
EQT Corp.	1,299,880	\$ 57,090,730	Virgin Media, Inc.	2,760,760	46,463,591
GDF Suez	642,221	27,882,063	Windstream Corp.	2,359,448	25,930,334
NiSource, Inc.	706,500	10,865,970			\$ 223,960,799
ONEOK, Inc.	101,600	4,528,312	Utilities – Electric Power – 44.9%		
Questar Corp.	1,465,820	60,934,137	AES Corp. (a)	3,650,490	\$ 48,588,022
Sempra Energy	1,109,140	62,089,657	AES Tiete S.A., IPS	1,654,359	18,969,711
Southern Union Co.	83,300	1,890,910	Allegheny Energy, Inc.	912,400	21,423,152
Spectra Energy Corp.	166,670	3,418,402	Alliant Energy Corp.	173,800	5,259,188
		\$ 228,700,181	American Electric Power Co., Inc.	1,121,410	39,013,854
Natural Gas – Pipeline – 5.8%			American Water Works Co., Inc.	405,790	9,093,754
El Paso Corp.	3,944,490	\$ 38,774,337	Calpine Corp. (a)	966,800	10,634,800
Enagas S.A.	621,370	13,752,470	CenterPoint Energy, Inc.	427,890	6,208,684
Williams Cos., Inc.	2,426,505	51,150,725	CEZ AS	779,260	36,639,030
		\$ 103,677,532	China Longyuan Power Group (a)	7,166,000	9,279,366
Oil Services – 0.5%			CMS Energy Corp.	3,836,030	60,072,230
Weatherford International Ltd. (a)	442,800	\$ 7,930,548	Companhia de Saneamento de Minas		
Pollution Control – 0.1%			Gerais – Copasa MG	682,700	12,972,211
SUEZ Environnement	75,500	\$ 1,745,257	Companhia Paranaense de Energia, ADR	273,300	5,862,285
Telecommunications – Wireless – 11.7%			Companhia Paranaense de Energia, IPS	182,800	3,913,120
America Movil S.A.B. de C.V., "L", ADR	243,040	\$ 11,418,019	Consolidated Edison, Inc.	96,330	4,376,272
Cellcom Israel Ltd.	1,449,410	46,468,085	Constellation Energy Group, Inc.	857,850	30,170,584
Mobile TeleSystems OJSC, ADR	212,700	10,398,903	Covanta Holding Corp. (a)	181,400	3,281,526
MTN Group Ltd.	960,940	15,287,939	CPFL Energia S.A.	177,500	3,634,714
NII Holdings, Inc. (a)	249,240	8,369,479	CPFL Energia S.A., ADR	15,000	926,700
Partner Communication Co. Ltd., ADR	579,800	11,798,930	Dominion Resources, Inc.	631,700	24,585,764
Philippine Long Distance Telephone Co.	62,600	3,547,740	DPL, Inc.	1,128,060	31,134,456
Philippine Long Distance Telephone Co., ADR	136,600	7,741,122	DTE Energy Co.	139,300	6,072,087
Rogers Communications, Inc., "B"	466,660	14,586,332	E.ON AG	820,572	34,256,966
Tim Participacoes S.A., ADR	32,600	968,546	Electricite de France	15,000	893,675
Vimpel-Communications, ADR	376,700	7,002,853	Eletropaulo Metropolitana S.A., IPS	1,502,100	29,559,008
Vivo Participacoes S.A., ADR	751,625	23,300,375	Energias do Brasil S.A.	325,430	6,232,661
Vodafone Group PLC	20,205,870	46,790,748	Entergy Corp.	146,100	11,956,824
		\$ 207,679,071	FirstEnergy Corp.	599,000	27,823,550
			National Grid PLC	2,033,300	22,226,206
			Northeast Utilities	974,033	25,120,311
			NRG Energy, Inc. (a)	1,646,624	38,876,793
			OGE Energy Corp.	584,400	21,558,516
			PG&E Corp.	510,300	22,784,895
			PPL Corp.	1,472,800	47,586,168
			Public Service Enterprise Group, Inc.	1,168,760	38,861,270
			Red Electrica de Espana	609,951	33,804,648

Portfolio of Investments – continued

Issuer	Shares/Par	Value (\$)	Issuer	Shares/Par	Value (\$)
COMMON STOCKS – continued			CONVERTIBLE PREFERRED STOCKS – 2.5%		
Utilities – Electric Power – continued			Natural Gas – Pipeline – 0.8%		
RWE AG	64,000	\$ 6,219,365	El Paso Corp., 4.99%	15,520	\$ 14,026,200
Tractebel Energia S.A.	1,338,700	16,411,294	Utilities – Electric Power – 1.7%		
Wisconsin Energy Corp.	424,200	21,137,886	FPL Group, Inc., 8.375%	419,000	\$ 21,679,060
		<u>\$ 797,421,546</u>	Great Plains Energy, Inc., 12%	133,230	8,793,180
					<u>\$ 30,472,240</u>
Total Common Stocks			Total Convertible Preferred Stocks		
(Identified Cost, \$1,620,340,370)		<u>\$1,649,470,668</u>	(Identified Cost, \$47,184,725)		<u>\$ 44,498,440</u>
BONDS – 0.5%			CONVERTIBLE BONDS – 0.9%		
Asset Backed & Securitized – 0.0%			Telephone Services – 0.3%		
Falcon Franchise Loan LLC, FRN, 3.034%, 2023 (i)(z)	\$ 316,598	\$ 14,975	Virgin Media, Inc., 6.5%, 2016 (z)	\$ 5,154,000	\$ 6,107,490
Cable TV – 0.4%			Utilities – Electric Power – 0.6%		
CSC Holdings, Inc., 8.625%, 2019 (z)	\$3,000,000	\$ 3,228,750	Covanta Holding Corp., 3.25%, 2014 (z)	\$ 8,598,990	\$ 9,910,336
Virgin Media Finance PLC, 9.5%, 2016	3,055,000	3,280,306	Total Convertible Bonds		
Virgin Media Finance PLC, 8.375%, 2019	1,465,000	1,507,119	(Identified Cost, \$11,608,564)		<u>\$ 16,017,826</u>
		<u>\$ 8,016,175</u>	MONEY MARKET FUNDS (v) – 2.6%		
Metals & Mining – 0.1%			MFS Institutional Money Market Portfolio, 0.12%, at Cost and Net Asset Value		
Cloud Peak Energy, Inc., 8.25%, 2017 (n)	\$ 650,000	\$ 650,000	45,631,532	\$ 45,631,532	
Cloud Peak Energy, Inc., 8.5%, 2019 (n)	650,000	663,000	Total Investments		
		<u>\$ 1,313,000</u>	(Identified Cost, \$1,733,306,171)		<u>\$1,764,962,616</u>
Total Bonds		<u>\$ 9,344,150</u>	OTHER ASSETS, LESS		
(Identified Cost, \$8,540,980)			LIABILITIES – 0.5%		
			<u>9,624,196</u>		
			Net Assets – 100.0%		
			<u>\$1,774,586,812</u>		

(a) Non-income producing security.

(i) Interest only security for which the series receives interest on notional principal (Par amount). Par amount shown is the notional principal and does not reflect the cost of the security.

(n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. At period end, the aggregate value of these securities was \$1,313,000, representing 0.07% of net assets.

(v) Underlying fund that is available only to investment companies managed by MFS. The rate quoted 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	Current Market Value
CSC Holdings, Inc., 8.625%, 2019	2/09/09	\$2,864,016	\$3,228,750
Covanta Holding Corp., 3.25%, 2014	5/18/09	8,598,990	9,910,336
Falcon Franchise Loan LLC, FRN, 3.034%, 2023	1/18/02	18,377	14,975
Virgin Media, Inc., 6.5%, 2016	2/26/09-4/06/09	3,009,574	6,107,490

Total Restricted Securities **\$19,261,551**
% of Net Assets **1.1%**

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:

EUR Euro

GBP British Pound

See Notes to Financial Statements

MFS Utilities Series

Portfolio of Investments – continued

Derivative Contracts at 12/31/09

Forward Foreign Currency Exchange Contracts at 12/31/09

Type	Currency	Counterparty	Contracts to Deliver/Receive	Settlement Date Range	In Exchange For	Contracts at Value	Net Unrealized Appreciation (Depreciation)
Asset Derivatives							
BUY	EUR	Barclays Bank PLC	388,557	3/15/10	\$ 554,474	\$ 556,955	\$ 2,481
SELL	EUR	Deutsche Bank AG	727,036	1/13/10	1,093,893	1,042,235	51,658
SELL	EUR	HSBC Bank	493,151	1/13/10	724,670	706,952	17,718
SELL	EUR	Credit Suisse Group	269,519	3/15/10	391,007	386,327	4,680
SELL	EUR	Merrill Lynch International Bank	9,638,066	3/15/10	14,076,395	13,815,155	261,240
SELL	EUR	UBS AG	74,674,547	3/15/10	109,099,514	107,038,119	2,061,395
SELL	GBP	Barclays Bank PLC	528,046	1/13/10	855,382	852,863	2,519
SELL	GBP	Citibank N.A.	1,734,000	1/13/10	2,899,002	2,800,633	98,369
SELL	GBP	UBS AG	472,007	1/13/10	772,099	762,351	9,748
							<u>\$ 2,509,808</u>
Liability Derivatives							
BUY	EUR	Barclays Bank PLC	596,650	1/13/10	\$ 886,179	\$ 855,321	\$ (30,858)
BUY	EUR	JPMorgan Chase Bank	17,405,895	1/13/10	25,586,404	24,952,040	(634,364)
BUY	EUR	HSBC Bank	2,844,210	1/13/10	4,253,137	4,077,288	(175,849)
BUY	EUR	Deutsche Bank AG	749,969	1/13/10	1,125,050	1,075,110	(49,940)
BUY	EUR	Credit Suisse Group	651,229	3/15/10	944,778	933,469	(11,309)
SELL	EUR	Barclays Bank PLC	105,491	3/15/10	150,537	151,211	(674)
SELL	GBP	Barclays Bank PLC	10,327,115	1/13/10	16,402,739	16,679,621	(276,882)
SELL	GBP	Credit Suisse Group	418,378	1/13/10	668,318	675,735	(7,417)
SELL	GBP	Deutsche Bank AG	10,015,266	1/13/10	15,908,249	16,175,944	(267,695)
SELL	GBP	HSBC Bank	489,352	1/13/10	779,245	790,367	(11,122)
							<u>\$(1,466,110)</u>

At December 31, 2009, the fund had sufficient cash and/or securities to cover any commitments under these derivative contracts.

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 12/31/09

Assets

Investments –		
Non-affiliated issuers, at value (identified cost, \$1,687,674,639)		\$1,719,331,084
Underlying funds, at cost and value		45,631,532
Total investments, at value (identified cost, \$1,733,306,171)		\$1,764,962,616
Restricted cash		\$610,000
Receivables for		
Forward foreign currency exchange contracts		2,509,808
Investments sold		15,011,585
Fund shares sold		634,897
Interest and dividends		5,134,363
Other assets		23,271
Total assets		\$1,788,886,540

Liabilities

Payables for		
Forward foreign currency exchange contracts		\$1,466,110
Investments purchased		10,285,408
Fund shares reacquired		2,134,786
Payable to affiliates		
Investment adviser		71,492
Shareholder servicing costs		648
Distribution and/or service fees		16,725
Administrative services fee		1,528
Payable for independent Trustees' compensation		80
Accrued expenses and other liabilities		322,951
Total liabilities		\$14,299,728
Net assets		\$1,774,586,812

Net assets consist of

Paid-in capital		\$1,994,804,994
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies		32,680,765
Accumulated net realized gain (loss) on investments and foreign currency transactions		(305,759,908)
Undistributed net investment income		52,860,961
Net assets		\$1,774,586,812
Shares of beneficial interest outstanding		78,054,849

	Net assets	Shares outstanding	Net asset value per share
Initial Class	\$564,821,781	24,641,346	\$22.92
Service Class	1,209,765,031	53,413,503	22.65

See Notes to Financial Statements

MFS Utilities Series

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 12/31/09

Net investment income

Income		
Dividends	\$75,182,359	
Interest	3,954,721	
Dividends from underlying funds	68,457	
Foreign taxes withheld	(3,698,702)	
Total investment income		\$75,506,835
Expenses		
Management fee	\$11,253,980	
Distribution and/or service fees	2,587,758	
Shareholder servicing costs	233,620	
Administrative services fee	280,092	
Independent Trustees' compensation	41,809	
Custodian fee	428,873	
Shareholder communications	258,076	
Auditing fees	52,944	
Legal fees	45,441	
Miscellaneous	96,040	
Total expenses		\$15,278,633
Fees paid indirectly	(23)	
Reduction of expenses by investment adviser	(9,536)	
Net expenses		\$15,269,074
Net investment income		\$60,237,761
Realized and unrealized gain (loss) on investments and foreign currency transactions		
Realized gain (loss) (identified cost basis)		
Investment transactions	\$(96,506,293)	
Foreign currency transactions	(1,719,414)	
Net realized gain (loss) on investments and foreign currency transactions		\$(98,225,707)
Change in unrealized appreciation (depreciation)		
Investments	\$489,305,331	
Translation of assets and liabilities in foreign currencies	(4,613,876)	
Net unrealized gain (loss) on investments and foreign currency translation		\$484,691,455
Net realized and unrealized gain (loss) on investments and foreign currency		\$386,465,748
Change in net assets from operations		\$446,703,509

See Notes to Financial Statements

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	2009	2008
Change in net assets		
From operations		
Net investment income	\$60,237,761	\$58,392,183
Net realized gain (loss) on investments and foreign currency transactions	(98,225,707)	(196,959,471)
Net unrealized gain (loss) on investments and foreign currency translation	484,691,455	(867,337,925)
Change in net assets from operations	\$446,703,509	\$(1,005,905,213)
Distributions declared to shareholders		
From net investment income	\$(73,624,954)	\$(31,144,599)
From net realized gain on investments	—	(357,506,487)
Total distributions declared to shareholders	\$(73,624,954)	\$(388,651,086)
Change in net assets from fund share transactions	\$(86,291,421)	\$197,505,340
Total change in net assets	\$286,787,134	\$(1,197,050,959)
Net assets		
At beginning of period	1,487,799,678	2,684,850,637
At end of period (including undistributed net investment income of \$52,860,961 and \$67,970,504, respectively)	\$1,774,586,812	\$1,487,799,678

See Notes to Financial Statements

MFS Utilities Series

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				
	2009	2008	2007	2006	2005
Net asset value, beginning of period	\$18.21	\$34.48	\$29.27	\$23.74	\$20.45
Income (loss) from investment operations					
Net investment income (d)	\$0.80	\$0.73	\$0.71	\$0.59	\$0.40
Net realized and unrealized gain (loss) on investments and foreign currency	4.90	(11.97)	7.10	6.47	3.02
Total from investment operations	\$5.70	\$(11.24)	\$7.81	\$7.06	\$3.42
Less distributions declared to shareholders					
From net investment income	\$(0.99)	\$(0.44)	\$(0.32)	\$(0.53)	\$(0.13)
From net realized gain on investments	—	(4.59)	(2.28)	(1.00)	—
Total distributions declared to shareholders	\$(0.99)	\$(5.03)	\$(2.60)	\$(1.53)	\$(0.13)
Net asset value, end of period	\$22.92	\$18.21	\$34.48	\$29.27	\$23.74
Total return (%) (k)(r)(s)	33.44	(37.77)	27.90	31.26	16.84
Ratios (%) (to average net assets) and Supplemental data:					
Expenses before expense reductions (f)	0.83	0.84	0.85	0.87	0.90
Expenses after expense reductions (f)	0.83	0.81	0.82	0.86	0.90
Net investment income	4.11	2.76	2.22	2.32	1.80
Portfolio turnover	70	68	84	94	88
Net assets at end of period (000 omitted)	\$564,822	\$495,297	\$969,404	\$710,341	\$506,315

Service Class

	Years ended 12/31				
	2009	2008	2007	2006	2005
Net asset value, beginning of period	\$17.98	\$34.11	\$29.01	\$23.56	\$20.32
Income (loss) from investment operations					
Net investment income (d)	\$0.73	\$0.66	\$0.62	\$0.53	\$0.34
Net realized and unrealized gain (loss) on investments and foreign currency	4.86	(11.82)	7.03	6.42	3.01
Total from investment operations	\$5.59	\$(11.16)	\$7.65	\$6.95	\$3.35
Less distributions declared to shareholders					
From net investment income	\$(0.92)	\$(0.38)	\$(0.27)	\$(0.50)	\$(0.11)
From net realized gain on investments	—	(4.59)	(2.28)	(1.00)	—
Total distributions declared to shareholders	\$(0.92)	\$(4.97)	\$(2.55)	\$(1.50)	\$(0.11)
Net asset value, end of period	\$22.65	\$17.98	\$34.11	\$29.01	\$23.56
Total return (%) (k)(r)(s)	33.09	(37.91)	27.56	30.96	16.57
Ratios (%) (to average net assets) and Supplemental data:					
Expenses before expense reductions (f)	1.08	1.09	1.10	1.12	1.15
Expenses after expense reductions (f)	1.07	1.06	1.07	1.11	1.15
Net investment income	3.83	2.54	1.96	2.11	1.56
Portfolio turnover	70	68	84	94	88
Net assets at end of period (000 omitted)	\$1,209,765	\$992,502	\$1,715,446	\$993,085	\$564,978

(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.

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 February 16, 2010 which is the date that the financial statements were issued. The fund can invest 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.

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 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 affect on the value of securities traded in foreign markets. Accordingly, the fund's foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the

MFS Utilities Series

Notes to Financial Statements – continued

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 carried at market value. 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 futures, forwards, swap contracts, and written options. The following is a summary of the levels used as of December 31, 2009 in valuing the fund's assets or liabilities carried at market value:

Investments at Value	Level 1	Level 2	Level 3	Total
Equity Securities:				
United States	\$1,119,326,248	\$35,705,260	\$—	\$1,155,031,508
Brazil	31,057,906	91,692,719	—	122,750,625
United Kingdom	—	69,016,954	—	69,016,954
Spain	—	63,112,788	—	63,112,788
Israel	58,267,015	—	—	58,267,015
Germany	—	40,476,331	—	40,476,331
Czech Republic	36,639,030	—	—	36,639,030
France	30,520,996	—	—	30,520,996
Netherlands	24,474,551	—	—	24,474,551
Other Countries	69,345,502	24,333,808	—	93,679,310
Corporate Bonds	—	20,559,576	—	20,559,576
Commercial Mortgage-Backed Securities	—	14,975	—	14,975
Foreign Bonds	—	4,787,425	—	4,787,425
Mutual Funds	45,631,532	—	—	45,631,532
Total Investments	\$1,415,262,780	\$349,699,836	\$—	\$1,764,962,616
Other Financial Instruments				
Forward Currency Contracts	\$—	\$1,043,698	\$—	\$1,043,698

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 may use derivatives for different purposes, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the fund, or as alternatives to direct investments. Derivatives may be 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.

In this reporting period the fund adopted the disclosure provisions of FASB Accounting Standard Codification 815, Derivatives and Hedging ("ASC 815"). ASC 815 requires enhanced disclosures about the fund's use of and accounting for derivative instruments and the effect of derivative instruments on the fund's results of operations and financial position. Tabular disclosure regarding derivative fair value and gain/loss by contract type (e.g., interest rate contracts, foreign exchange contracts, credit contracts, etc.) is required and derivatives accounted for as hedging instruments under ASC 815 must be disclosed separately from those that do not qualify for hedge accounting. Even though the fund may use derivatives in an attempt to

Notes to Financial Statements – continued

achieve an economic hedge, the fund's derivatives are not accounted for as hedging instruments under ASC 815 because investment companies account for their derivatives at fair value and record any changes in fair value in current period earnings.

Derivative instruments include written options, purchased options, futures contracts, forward foreign currency exchange contracts, and swap agreements. 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.

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, 2009:

		Asset Derivatives		Liability Derivatives	
		Location on Statement of Assets and Liabilities	Fair Value	Location on Statement of Assets and Liabilities	Fair Value
Foreign Exchange Contracts	Forward Foreign Currency Exchange Contracts Not Accounted For as Hedging Instruments Under ASC 815	Receivable for forward foreign currency exchange contracts	\$2,509,808	Payable for forward foreign currency exchange contracts	\$1,466,110

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, 2009 as reported in the Statement of Operations:

	Foreign Currency Transactions
Foreign Exchange Contracts	\$(2,338,997)

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, 2009 as reported in the Statement of Operations:

	Translation of Assets and Liabilities in Foreign Currencies
Foreign Exchange Contracts	\$(4,598,607)

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 balance sheet 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., forwards, 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 will be reported separately on the Statement of Assets and Liabilities as restricted cash. Securities collateral pledged for the same purpose is noted in the Portfolio of Investments.

MFS Utilities Series

Notes to Financial Statements – continued

Forward Foreign Currency Exchange Contracts – The fund may enter into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date 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. The fund's maximum risk due to counterparty credit risk is the notional amount of the contract. 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, may loan 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. At December 31, 2009, there were no securities on loan.

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, 2009, 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, if any, have been accrued by the fund in the accompanying financial statements.

Notes to Financial Statements – continued

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

Book/tax differences primarily relate to wash sale loss deferrals, foreign currency transactions, and derivative transactions.

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

	12/31/09	12/31/08
Ordinary income (including any short-term capital gains)	\$73,624,954	\$155,836,895
Long-term capital gain	—	232,814,191
Total distributions	\$73,624,954	\$388,651,086

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

As of 12/31/09	
Cost of investments	\$1,762,894,702
Gross appreciation	153,097,420
Gross depreciation	(151,029,506)
Net unrealized appreciation (depreciation)	\$2,067,914
Undistributed ordinary income	53,904,659
Capital loss carryforwards	(276,171,377)
Other temporary differences	(19,378)

As of December 31, 2009, the fund had capital loss carryforwards available to offset future realized gains. Such losses expire as follows:

12/31/16	\$(155,061,537)
12/31/17	(121,109,840)
	\$(276,171,377)

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		From net realized gain on investments	
	Year ended 12/31/09	Year ended 12/31/08	Year ended 12/31/09	Year ended 12/31/08
Initial Class	\$25,170,305	\$11,873,806	\$—	\$122,912,734
Service Class	48,454,649	19,270,793	—	234,593,753
Total	\$73,624,954	\$31,144,599	\$—	\$357,506,487

(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, 2009 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.

MFS Utilities Series

Notes to Financial Statements – continued

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, 2009, the fee was \$232,117, which equated to 0.0151% 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, 2009, these costs amounted to \$1,503.

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, 2009 was equivalent to an annual effective rate of 0.0182% 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, 2009, the aggregate fees paid by the fund to Tarantino LLC and Griffin Compliance LLC were \$18,123 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 \$9,536, 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 may invest in a money market fund managed by MFS which 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 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 \$1,044,751,205 and \$1,147,866,078, respectively.

Notes to Financial Statements – continued

(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 12/31/09		Year ended 12/31/08	
	Shares	Amount	Shares	Amount
Shares sold				
Initial Class	2,396,764	\$46,804,076	3,269,828	\$88,426,576
Service Class	5,257,641	101,070,851	9,649,098	266,444,913
	7,654,405	\$147,874,927	12,918,926	\$354,871,489
Shares issued to shareholders in reinvestment of distributions				
Initial Class	1,531,040	\$25,170,305	4,776,277	\$134,786,540
Service Class	2,978,159	48,454,649	9,095,828	253,864,546
	4,509,199	\$73,624,954	13,872,105	\$388,651,086
Shares reacquired				
Initial Class	(6,484,924)	\$(122,829,266)	(8,961,770)	\$(225,268,717)
Service Class	(10,032,778)	(184,962,036)	(13,823,229)	(320,748,518)
	(16,517,702)	\$(307,791,302)	(22,784,999)	\$(546,017,235)
Net change				
Initial Class	(2,557,120)	\$(50,854,885)	(915,665)	\$(2,055,601)
Service Class	(1,796,978)	(35,436,536)	4,921,697	199,560,941
	(4,354,098)	\$(86,291,421)	4,006,032	\$197,505,340

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a \$1.1 billion unsecured committed line of credit, subject to a \$1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Federal Reserve funds rate or one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Federal Reserve funds rate plus an agreed upon spread. For the year ended December 31, 2009, the fund's commitment fee and interest expense were \$24,377 and \$0, respectively, and are included in miscellaneous expense on the Statement of Operations.

(7) Transactions in Underlying 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 Funds	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money Market Portfolio	44,226,494	453,822,114	(452,417,076)	45,631,532
Underlying Funds	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	\$—	\$—	\$68,457	\$45,631,532

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, 2009, 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, 2009, by correspondence with the custodians 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, 2009, 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 16, 2010

TRUSTEES AND OFFICERS – IDENTIFICATION AND BACKGROUND

The Trustees and officers of the Trust, as of February 1, 2010, 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, Date of Birth</u>	<u>Position(s) Held with Fund</u>	<u>Trustee/Officer Since ^(h)</u>	<u>Principal Occupations During the Past Five Years & Other Directorships ⁽ⁱ⁾</u>
INTERESTED TRUSTEES			
Robert J. Manning ^(k) (born 10/20/63)	Trustee	February 2004	Massachusetts Financial Services Company, Chief Executive Officer, Chief Investment Officer and Director, President (until December 2009)
Robert C. Pozen ^(k) (born 8/08/46)	Trustee	February 2004	Massachusetts Financial Services Company, Chairman (since February 2004); Medtronic, Inc. (medical devices), Director (since 2004); Harvard Business School (education), Senior Lecturer (since 2008); Bell Canada Enterprises (telecommunications), Director (until February 2009); The Bank of New York, Director (finance), (March 2004 to May 2005); Telesat (satellite communications), Director (until November 2007)
INDEPENDENT TRUSTEES			
David H. Gunning (born 5/30/42)	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; Southwest Gas Corp. (natural gas distribution), Director (until May 2004); Portman Limited (mining), Director (until 2008)
Robert E. Butler ⁽ⁿ⁾ (born 11/29/41)	Trustee	January 2006	Consultant – investment company industry regulatory and compliance matters (since July 2002); PricewaterhouseCoopers LLP (professional services firm), Partner (until 2002)
Lawrence H. Cohn, M.D. (born 3/11/37)	Trustee	June 1989	Brigham and Women’s Hospital, Senior Cardiac Surgeon (since 2005); Harvard Medical School, Professor of Cardiac Surgery; Partners HealthCare, Physician Director of Medical Device Technology (since 2006); Brigham and Women’s Hospital, Chief of Cardiac Surgery (until 2005)
Maureen R. Goldfarb (born 4/06/55)	Trustee	January 2009	Private investor; John Hancock Financial Services, Inc., Executive Vice President (until 2004); John Hancock Mutual Funds, Trustee and Chief Executive Officer (until 2004)
William R. Gutow (born 9/27/41)	Trustee	December 1993	Private investor and real estate consultant; Capital Entertainment Management Company (video franchise), Vice Chairman; Atlantic Coast Tan (tanning salons), Vice Chairman (until 2007); Texas Donuts (donut franchise), Vice Chairman (until 2009)
Michael Hegarty (born 12/21/44)	Trustee	December 2004	Private investor; AXA Financial (financial services and insurance), Vice Chairman and Chief Operating Officer (until 2001); The Equitable Life Assurance Society (insurance), President and Chief Operating Officer (until 2001)
John P. Kavanaugh (born 11/04/54)	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)
J. Dale Sherratt (born 9/23/38)	Trustee	June 1989	Insight Resources, Inc. (acquisition planning specialists), President; Wellfleet Investments (investor in health care companies), Managing General Partner
Laurie J. Thomsen (born 8/05/57)	Trustee	March 2005	New Profit, Inc. (venture philanthropy), Executive Partner (since 2006); Private investor; The Travelers Companies (commercial property liability insurance), Director; Prism Venture Partners (venture capital), Co-founder and General Partner (until June 2004)
Robert W. Uek (born 5/18/41)	Trustee	January 2006	Consultant to investment company industry; PricewaterhouseCoopers LLP (professional services firm), Partner (until 1999); TT International Funds (mutual fund complex), Trustee (until 2005); Hillview Investment Trust II Funds (mutual fund complex), Trustee (until 2005)
OFFICERS			
Maria F. Dwyer ^(k) (born 12/01/58)	President	March 2004	Massachusetts Financial Services Company, Executive Vice President and Chief Regulatory Officer (since March 2004) Chief Compliance Officer (since December 2006); Fidelity Management & Research Company, Vice President (prior to March 2004); Fidelity Group of Funds, President and Treasurer (until March 2004)
Christopher R. Bohane ^(k) (born 1/18/74)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Vice President and Senior Counsel

MFS Utilities Series

Trustees and Officers – continued

<u>Name, Date of Birth</u>	<u>Position(s) Held with Fund</u>	<u>Trustee/Officer Since ^(h)</u>	<u>Principal Occupations During the Past Five Years & Other Directorships ⁽ⁱ⁾</u>
John M. Corcoran ^(k) (born 4/13/65)	Treasurer	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)
Ethan D. Corey ^(k) (born 11/21/63)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel (since 2004); Dechert LLP (law firm), Counsel (prior to December 2004)
David L. DiLorenzo ^(k) (born 8/10/68)	Assistant Treasurer	July 2005	Massachusetts Financial Services Company, Vice President (since June 2005); JP Morgan Investor Services, Vice President (until June 2005)
Timothy M. Fagan ^(k) (born 7/10/68)	Assistant Secretary and Assistant Clerk	September 2005	Massachusetts Financial Services Company, Vice President and Senior Counsel (since September 2005); John Hancock Advisers, LLC, Vice President, Senior Attorney and Chief Compliance Officer (until August 2005)
Mark D. Fischer ^(k) (born 10/27/70)	Assistant Treasurer	July 2005	Massachusetts Financial Services Company, Vice President (since May 2005); JP Morgan Investment Management Company, Vice President (until May 2005)
Robyn L. Griffin (born 7/04/75)	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), Senior Manager (prior to April 2006)
Brian E. Langenfeld ^(k) (born 3/07/73)	Assistant Secretary and Assistant Clerk	June 2006	Massachusetts Financial Services Company, Vice President and Senior Counsel (since May 2006); John Hancock Advisers, LLC, Assistant Vice President and Counsel (until April 2006)
Ellen Moynihan ^(k) (born 11/13/57)	Assistant Treasurer	April 1997	Massachusetts Financial Services Company, Senior Vice President
Susan S. Newton ^(k) (born 3/07/50)	Assistant Secretary and Assistant Clerk	May 2005	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel (since April 2005); John Hancock Advisers, LLC, Senior Vice President, Secretary and Chief Legal Officer (until April 2005)
Susan A. Pereira ^(k) (born 11/05/70)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Vice President and Senior Counsel (since June 2004); Bingham McCutchen LLP (law firm), Associate (until June 2004)
Mark N. Polebaum ^(k) (born 5/01/52)	Secretary and Clerk	January 2006	Massachusetts Financial Services Company, Executive Vice President, General Counsel and Secretary (since January 2006); Wilmer Cutler Pickering Hale and Dorr LLP (law firm), Partner (until January 2006)
Frank L. Tarantino (born 3/07/44)	Independent Chief Compliance Officer	June 2004	Tarantino LLC (provider of compliance services), Principal (since June 2004); CRA Business Strategies Group (consulting services), Executive Vice President (until June 2004)
Richard S. Weitzel ^(k) (born 7/16/70)	Assistant Secretary and Assistant Clerk	October 2007	Massachusetts Financial Services Company, Vice President and Assistant General Counsel (since 2004); Massachusetts Department of Business and Technology, General Counsel (until April 2004)
James O. Yost ^(k) (born 6/12/60)	Assistant Treasurer	September 1990	Massachusetts Financial Services Company, Senior Vice President

(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, Messrs. Pozen and Manning served as Advisory Trustees. For the period March 2008 until October 2008, Ms. Dwyer served as Treasurer of the Funds.

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

(k) “Interested person” of the Trust within the meaning of the Investment Company Act of 1940 (referred to as the 1940 Act), which is the principal federal law governing investment companies like the fund, as a result of position with MFS. The address of MFS is 500 Boylston Street, Boston, Massachusetts 02116.

(n) In 2004 and 2005, Mr. Butler provided consulting services to the independent compliance consultant retained by MFS pursuant to its settlement with the SEC concerning market timing and related matters. The terms of that settlement required that compensation and expenses related to the independent compliance consultant be borne exclusively by MFS and, therefore, MFS paid Mr. Butler for the services he rendered to the independent compliance consultant. In 2004 and 2005, MFS paid Mr. Butler a total of \$351,119.29.

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 held a shareholders’ meeting in January 2010 to elect Trustees, and will hold a shareholders’ meeting at least once every five years thereafter, to elect Trustees. Messrs. Butler, Kavanaugh, Sherratt, Uek and Ms. Thomsen are members of the Trust’s Audit Committee.

Trustees and Officers – continued

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, 2010, the Trustees served as board members of 99 funds within the MFS Family of Funds.

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

Investment Adviser

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

Distributor

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

Portfolio Managers

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, 2009 (“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, 2008 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, (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, 2008, 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 2nd 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 4th quintile for the one-year period and the 1st quintile for the five-year period ended December 31, 2008 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 currently 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 entry into the industry 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, 2009.

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).

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 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. 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 copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site (*mfs.com*). This information is available by visiting the "News & Commentary" section of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT" 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, 42.60% of the ordinary income dividends paid during the fiscal year qualify for the corporate dividends received deduction.

MFS® PRIVACY NOTICE

Privacy is a concern for every investor today. At MFS Investment Management® and the MFS funds, we take this concern very seriously. We want you to understand our policies about the investment products and services that we offer, and how we protect the nonpublic personal information of investors who have a direct relationship with us and our wholly owned subsidiaries.

Throughout our business relationship, you provide us with personal information. We maintain information and records about you, your investments, and the services you use. Examples of the nonpublic personal information we maintain include

- data from investment applications and other forms
- share balances and transactional history with us, our affiliates, or others
- facts from a consumer reporting agency

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. We may share nonpublic personal information with third parties or certain of our affiliates in connection with servicing your account or processing your transactions. We may share information with companies or financial institutions that perform marketing services on our behalf or with other financial institutions with which we have joint marketing arrangements, subject to any legal requirements.

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