

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

IN RE MUTUAL FUNDS INVESTMENT LITIGATION)	MDL No. 1586
This Document Relates To:)	Case No. 04-MD-15863-04
<i>MFS Sub-Track,</i>)	(Hon. J. Frederick Motz)
04-md-15863-04)	

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENTS OF CLASS ACTIONS,
MOTION FOR ATTORNEYS' FEES AND EXPENSES, AND SETTLEMENT HEARING**

A federal court authorized this notice. This is not a solicitation from a lawyer.

If you (a) purchased, owned or held shares in the mutual funds advised by the Massachusetts Financial Services Company listed below (the "MFS Funds") during the period from July 31, 1999 to December 8, 2003, inclusive (the "Class Period"), or (b) were a participant in or beneficiary of the MFSavings Retirement Plan during the same time period and your account included investments in one or more of the MFS Funds, then YOU COULD RECEIVE A PAYMENT FROM CLASS ACTION SETTLEMENTS AND YOUR LEGAL RIGHTS MAY BE AFFECTED.

In addition, if you currently hold shares in the MFS Funds, certain other rights may be affected by a settlement of a derivative action.

YOU ARE HEREBY NOTIFIED of a \$75,042,250 cash settlement of a securities class action, ERISA class action¹, and derivative action lawsuit affecting investors in certain mutual funds in the Massachusetts Financial Services Company ("MFS") family of mutual funds, consolidated in the actions captioned: *In re Mutual Funds Investment Litigation*, MDL-1586 (D. Md.), *Riggs v. MFS, et al.*, No. 04-cv-01162-JFM (D. Md) (the "Class Action"), *Walker v. MFS, et al.*, No. 04-md-01758 (D. Md.) (the "ERISA Action"), and *Hammerslough v. MFS, et al.*, No. 04-md-01620 (D. Md.) (the "Derivative Action") (collectively, the "Actions"). You may be eligible for a payment from the settlement proceeds, or you may act on other legal rights. **Important facts and terms are highlighted below, and explained in more detail in the Long-Form Notice of Pendency and Proposed Settlements of Class, ERISA and Derivative Actions, Motion for Attorneys' Fees and Expenses, and Settlement Hearing (the "Long-Form Notice") available at www.mutualfundsettlements.com/mfs.** The terms of these Settlements are embodied in a series of Stipulations and Agreements of Settlement with the Settling Defendants (the "Stipulations") also available at the website.

NOTE: This Notice (except with respect to the OAG/Canary recovery described below) concerns the settlement of private lawsuits. These Settlements are distinct from the settlements that government regulators, including the Securities and Exchange Commission ("SEC"), previously reached concerning market-timing and late trading in MFS mutual funds, including with MFS and related parties. Any payment that you may be eligible for under this private settlement is in addition to any payment you may have received from a regulatory settlement. For more information about the SEC settlements, see <http://www.sec.gov/divisions/enforce/claims/mfs.htm>.

- **The Mutual Funds (or Securities) At Issue:** MFS Emerging Growth Fund, MFS Research Fund, MFS Value Fund, Massachusetts Investors Trust, Massachusetts Investors Growth Stock Fund, MFS Total Return Fund, MFS Government Securities Fund, MFS Government Mortgage Fund, MFS Capital Opportunities Fund, MFS Utilities Fund, MFS Mid Cap Growth Fund, MFS Managed Sectors Fund, MFS Growth Opportunities Fund, MFS Large Cap Growth Fund, MFS International Growth Fund, MFS Global Growth Fund, MFS Global Equity Fund, MFS High Income Fund, MFS Municipal Bond Fund, MFS Strategic Value Fund, MFS Research International Fund, and MFS New Discovery Fund. These funds are described in this Notice as the "MFS Funds."
- **Time Period:** July 31, 1999 through December 8, 2003, inclusive (the "Class Period").
- **The Settlement Classes:** If you purchased, owned or held shares in any of the MFS Funds during the Class Period, you are a member of the Investor Class. If you were a participant in or beneficiary of the MFSavings Retirement Plan (the "MFS Plan") during the Class Period and your account included investments in the MFS Funds, you are a member of the ERISA Class.²
- **Total Settlement Amount:** \$75,042,250 (the "Settlement Fund") plus interest earned on the Settlement Fund (the "Gross Settlement Fund"). The Settlement Fund is comprised of (i) \$15,000,000 paid on behalf of the MFS Defendants for the benefit of the Investor Class, ERISA Class and the MFS Funds,³ (ii) \$3,680,000 paid on behalf of Banc of America Securities, LLC for the benefit of the Investor Class and the MFS Funds, (iii) \$3,486,000 paid on behalf of the Bear Stearns Defendants for the benefit of the Investor Class, (iv) \$1,095,000 paid on behalf of the Canary Defendants for the benefit of the Investor Class and

¹ "ERISA" refers to the Employee Retirement Income Security Act of 1974, Pub. L. 93-406, 88 Stat. 829.

² Defendants and certain persons and entities affiliated with Defendants are excluded from the Classes. Details about the persons and entities excluded from the Classes are available in the Long-Form Notice.

³ As additional consideration for the Settlement with the MFS Defendants, MFS will establish, and maintain for at least five years, an internal group to develop and implement policies to monitor and prevent market timing and late trading in the MFS Funds. In addition, if the costs of obtaining the names and current addresses of Class Members who held shares through brokers or other intermediaries exceed \$3 million, the MFS Defendants will pay 50% of the next \$4 million in such costs.

the MFS Funds, (v) \$49,131,250 paid on behalf of the Security Brokerage Parties for the benefit of the Investor Class, (vi) \$1,200,000 paid on behalf of Tewksbury for the benefit of the Investor Class, and (vii) \$1,450,000 paid on behalf of Wilshire Associates for the benefit of the Investor Class. The MFS Defendants, the MFS Funds Defendants, Banc of America Securities, LLC, the Bear Stearns Defendants, the Canary Defendants, the Security Brokerage Parties, Tewksbury and Wilshire Associates are collectively referred to as the “Settling Defendants”. In addition to the amounts paid on behalf of the Settling Defendants, Investor Class Lead Counsel intends to distribute \$2,190,000 plus interest, which was obtained by the Office of the New York Attorney General (“OAG”) in its settlement with the Canary Defendants, to the Investor Class. Further details about the Settlements are available in the Long-Form Notice.

- **Statement of Recovery:** Assuming that all Investor Class Members participate in the settlement, Investor Class Lead Plaintiff estimates that the average recovery per eligible share (before deduction of attorneys’ fees and expenses and the costs of notice and administration of the Settlements, and not including the OAG/Canary payment) will be as follows:

<u>MFS Fund</u>	<u>Average Recovery per Eligible Share</u>	<u>MFS Fund</u>	<u>Average Recovery per Eligible Share</u>
MFS Emerging Growth Fund	\$0.1103	MFS Managed Sectors Fund	\$0.0236
MFS Research Fund	\$0.0111	MFS Growth Opportunities Fund	\$0.0946
MFS Value Fund	\$0.0032	MFS Large Cap Growth Fund	\$0.2057
Massachusetts Investors Trust	\$0.0011	MFS International Growth Fund	\$0.0615
Massachusetts Investors Growth Stock Fund	\$0.0036	MFS Global Growth Fund	\$0.0476
MFS Total Return Fund	\$0.0007	MFS Global Equity Fund	\$0.0170
MFS Government Securities Fund	\$0.0041	MFS High Income Fund	\$0.0023
MFS Government Mortgage Fund	\$0.0039	MFS Municipal Bond Fund	\$0.0037
MFS Capital Opportunities Fund	\$0.0247	MFS Strategic Value Fund	\$0.0090
MFS Utilities Fund	\$0.0021	MFS Research International Fund	\$0.0230
MFS Mid Cap Growth Fund	\$0.0132	MFS New Discovery Fund	\$0.0044

Please note that this amount is only an estimate. Further detail is available in the Long-Form Notice, which is available on the internet at www.mutualfundsettlements.com/mfs. If you do not have internet access, you may request a copy of the Long-Form Notice by writing to the Claims Administrator, The Garden City Group, Inc., at *MFS Mutual Fund Settlement, In re Mutual Funds Investment Litigation*, c/o The Garden City Group, Inc., P.O. Box 9410, Dublin, OH 43017-4510. Any actual payment to an Investor Class Member will depend on, among other things, (i) the total number of claims filed; (ii) the number of shares the class member held in the MFS Funds during the Class Period; (iii) when the class member purchased or sold his, her or its shares; (iv) administrative costs, including the costs of notice, for the Actions; and (v) the amount awarded by the Court for attorneys’ fees and expenses. Distributions to members of the Classes will be made based on the Plan of Allocation set forth in the Long-Form Notice on pages 8-11. The derivative recovery will be computed after distribution to the Classes and will be paid to the MFS Funds as set forth in the Plan of Allocation set forth in the Long-Form Notice on pages 8-11.

- **Reasons for the Settlements:** The settlement of the Actions, among other things, avoids delay and the substantial costs and risks that both sides would face from continuing the lawsuits, pays money to investors, and releases all settling defendants from other lawsuits based on matters at issue in the Actions. See Long-Form Notice at pages 3-4. All defendants participating in these Settlements deny any wrongdoing.
- **Statement of Potential Outcome of Case:** If the Actions had not settled, there may have been a trial and Plaintiffs would have faced an uncertain outcome. Plaintiffs and the Settling Defendants disagree on both liability and damages and do not agree on the average amount of damages per share, if any, that would be recoverable if Plaintiffs were to have prevailed on each claim alleged. The parties disagree about, among other things: (1) whether the defendants engaged in conduct that was unlawful or harmful to members of the Classes or the MFS Funds; (2) the method for determining whether shares in the MFS Funds at issue were damaged; (3) the amount of any such damage; (4) the extent that various facts alleged by Plaintiffs influenced the trading price of such shares during the relevant period; and (5) whether the Classes and the MFS Funds have already been made whole because of amounts certain defendants paid to settle similar claims asserted by the SEC and government regulators, which amounts have been distributed to MFS Funds investors and the Funds.
- **Attorneys’ Fees and Expenses:** Plaintiffs’ Counsel have performed their work in these Actions on a contingent-fee basis. The Court-appointed lawyers for the Investor Class Lead Plaintiff, ERISA Lead Plaintiff and Derivative Plaintiffs will jointly apply for an award of attorneys’ fees not to exceed 15% of the Gross Settlement Fund for their efforts in connection with the Actions, including investigating the facts, litigating the case, and negotiating the Settlements. Counsel for Investor Class Lead Plaintiff, ERISA Lead Plaintiff and Derivative Plaintiffs will also ask the Court for reimbursement of their litigation expenses paid or incurred in connection with the commencement, prosecution and resolution of the Actions in an amount not to exceed \$630,000 (which expenses may also include the costs and expenses of Investor Class Lead Plaintiff), to be paid from the Gross Settlement Fund. In addition, Court-appointed Plaintiffs’ Administrative Chair and Liaison Counsel will apply for an award of attorneys’ fees and expenses of an additional 1.25% of the Gross Settlement Fund for its efforts on behalf of

plaintiffs. If the above requested amounts are approved by the Court, for each of the MFS Funds the average cost of attorneys' fees and expenses per share will be equal to approximately 17.09% of the average recovery per eligible share as set forth above. **Please note that this amount is only an estimate.**

- **Plaintiffs' Representatives:** The Court has appointed the following lawyers as counsel for the Plaintiffs: Chad Johnson, William C. Fredericks and Jerald Bien-Willner, Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019 (800-380-8496) (counsel for Investor Class Lead Plaintiff); Robert Ira Harwood and Samuel Rosen, Harwood Feffer LLP, 488 Madison Avenue, Suite 801, New York, NY 10022 (212-935-7400) (counsel for ERISA Lead Plaintiff); and H. Adam Prussin, Pomerantz Haudek Grossman & Gross, LLP, 100 Park Avenue, New York, NY 10017 (212-661-1100) (counsel for the Derivative Plaintiffs). The Court has also appointed John B. Isbister, Tydings & Rosenberg LLP, 100 East Pratt Street, 26th Floor, Baltimore, MD 21202 as Plaintiffs' Administrative Chair and Liaison Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense and enter an appearance in the Actions.
- **Summary Description of the Actions:** Starting in December 2003, a series of putative securities class action complaints was filed in the United States District Court for the District of Massachusetts, alleging unlawful market-timing and late trading in the MFS Funds. Market-timing is a term used to describe short-term, "in and out" trading of mutual fund shares, which may be used by a mutual fund trader to capitalize on inefficiencies in the way mutual fund shares are priced. Late trading is a form of market-timing that involves a mutual fund trader placing orders to buy, sell or exchange mutual fund shares in a way that permits the trader to use the prior day's price to capitalize on information obtained after the close of the market. Subsequently, ERISA and derivative actions based on the same alleged market-timing and late trading practices were filed in various federal courts. On February 20, 2004, the Judicial Panel on Multi-District Litigation issued an order centralizing all of these actions in one multi-district docket in the United States District Court for the District of Maryland under the caption *MDL-1586 - In re Mutual Funds Investment Litigation*.

Consolidated Complaints were filed in the Actions on September 30, 2004. Claims were asserted in the Actions against persons affiliated with the MFS Funds, including the investment advisor to the MFS Funds and its affiliates, as well as unaffiliated entities, including alleged market-timers and parties that were alleged to have participated in or facilitated the market-timers' trading of MFS Funds. Thereafter, Plaintiffs continued to pursue their Actions; many of the defendants moved to dismiss the Actions, which plaintiffs opposed. Agreements in principle to settle the Actions with various groups of defendants were reached at various times.

- **Release of Claims:** If the Court approves the Settlements and enters the binding judgments, all Investor Class Members and ERISA Class Members – who do not opt out – will be deemed to have given a release to all of the Settling Defendants and to certain parties related to the Settling Defendants (such as their affiliates, officers, directors, employees, accountants, lawyers, and others, as applicable) (collectively, the "Released Parties"). The releases are drafted broadly with the intention of releasing all claims of all Investor Class Members or ERISA Class Members against the Released Parties concerning market-timing, late-trading, or short-term or frequent or excessive trading in any mutual fund advised by MFS during the Class Period, including all claims that were or could have been brought in the Complaints (the "Released Claims"). Although only purchasers, sellers or holders of certain MFS mutual funds during the Class Period are included in the Classes, each Class Member is releasing all claims concerning market-timing, late trading, or short-term or frequent or excessive trading in all of the mutual funds advised by MFS during this period. If you are interested in more information regarding the release of claims, please visit the case website, www.mutualfundsettlements.com/mfs, and click on the "Releases" tab.

Deadlines:

Submit a Claim Form: December 8, 2010

- **Eligible Investor Class Members are required to submit a valid and timely Proof of Claim and Release form ("Claim Form") in order to participate in the Settlements. Copies of the Claim Form can be obtained at www.mutualfundsettlements.com/mfs.** Eligible Investor Class Members who do not submit a Claim Form and do not request exclusion from the Investor Class will be deemed to have provided the release described above but will obtain no recovery other than with respect to any shares held by the MFS Plan. The MFS Plan has agreed to submit a Claim Form which will permit ERISA Class Members to participate in the settlement; however, to the extent that any ERISA Class Members also owned shares of MFS Funds directly (i.e., shares *not* held by the MFS Plan), they will need to follow the claims process required for Investor Class Members in order to be eligible for payment with respect to those shares. If the Settlements are approved, distributions to eligible members of the Classes will be made pursuant to the proposed Plan of Allocation set forth in the Long-Form Notice.

Request Exclusion from the Investor Class or ERISA Class: September 21, 2010

- Investor Class Members may elect to be excluded from the Investor Class, and members of the ERISA Class may elect to be excluded from the ERISA Class. Class Members who request exclusion will not be eligible to receive any payment from the Settlements and cannot object to the terms of the Settlements, the Plan of Allocation, or counsel's applications for attorneys' fees and reimbursement of expenses. Class Members who request exclusion will not be legally bound by the Settlements or any related events relating to this lawsuit and you will be able to pursue the claims that are being released in these Settlements. This is the only option that allows Class Members to file or participate in another lawsuit against the Released Parties concerning any of the Released Claims. If you are an ERISA Class Member and you elect to exclude yourself from the ERISA Class, you will also be excluded from the Investor Class. Likewise, if you exclude yourself from the Investor Class, you will be deemed to have excluded yourself from the ERISA Class. If you wish to exclude yourself from the Investor Class or ERISA Class, as applicable, please follow the instructions in the Long-Form Notice (available at www.mutualfundsettlements.com/mfs). If you choose to remain in the Investor Class or ERISA Class, as applicable, and the

Court approves the Settlements and enters the binding judgments, you will forever release all Released Claims against the Released Parties.

- The Settling Defendants shall have the option to withdraw from the Settlements in the event that certain threshold levels of investors who would otherwise be entitled to participate as members of the Investor Class timely and validly request exclusion from the Investor Class.

Object to the Class, ERISA and/or Derivative Settlements: September 21, 2010

- Any member of the Investor Class or ERISA Class may object to the Settlements, the Plan of Allocation or counsel's request for attorneys' fees and reimbursement of expenses for any reason. To object, a Class Member must notify the Court and Investor Class Lead Counsel in writing, of his, her or its reason(s) for objection. Objections submitted by Class Members who are represented by an attorney must be filed with the Court via ECF (or at the Court's address set out in the Long-Form Notice) and served on Investor Class Lead Counsel (at counsel's address set out in the Long-Form Notice) no later than September 21, 2010, and such objections must include the information required in the Long-Form Notice. Members of the Investor Class or ERISA Class may object **only if** they stay in their respective Classes. By excluding yourself you tell the Court that you do not want to be part of the Settlements. Members of the Investor Class or ERISA Class who exclude themselves from the Settlements shall have no basis to object because the case no longer affects them.
- If you are a current shareholder of one or more of the MFS Funds and will continue to own shares in one of the MFS Funds through the date of the settlement fairness hearing, you also have the right to object to the Settlements of the Derivative Action, the proposed Plan of Allocation, and the requests for attorneys' fees and expenses. Any such objections by current shareholders who are represented by an attorney must be filed with the Court via ECF (or at the Court's address set out in the Long-Form Notice) and served on Investor Class Lead Counsel (at counsel's address set out in the Long-Form Notice) no later than September 21, 2010, and such objections must include the information required in the Long-Form Notice.
- If you have not retained an attorney to represent you in connection with these settlement proceedings and you wish to object, you may mail your objection to the Clerk of the Court, United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, Maryland 21201, with a copy mailed to Investor Class Lead Counsel, Chad Johnson, Esq., William C. Fredericks, Esq., and Jerald Bien-Willner, Esq., Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, no later than September 21, 2010. Any objection that is submitted by mail to the Clerk of the Court and Investor Class Lead Counsel will be filed on the Court's docket.

Court Hearing on Fairness of Settlements: October 21-22, 2010

- The Court will hold a settlement fairness hearing at 10:00 a.m., on October 21-22, 2010, at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201. At this hearing, the Court will consider whether to grant final approval to the Settlements and the Plan of Allocation. The Court may also consider Plaintiffs' Counsel's applications for attorneys' fees and reimbursement of expenses. You may apply to the Court for permission to appear at this hearing, and you may retain an attorney, at your own expense, to represent you at this hearing. You are not required to retain a lawyer to exclude yourself from the Investor Class or ERISA Class, as applicable, or to object to the Settlements. Further detail is available in the Long-Form Notice available at www.mutualfundsettlements.com/mfs. Please note the date of the settlement fairness hearing is subject to change without further notice. If you plan to attend the hearing, you should check the website, www.mutualfundsettlements.com/mfs, or with one of Plaintiffs' Representatives listed above to be sure that no change to the date and time of the hearing has been made.

Special Notice to Brokerage Firms and other Nominees:

- If you are a brokerage firm or other nominee who owned shares in any of the MFS Funds during the Class Period as the record owner but not as the beneficial owner of the shares, you must either (1) send a copy of this Notice to each beneficial owner of such shares, postmarked no later than fourteen (14) days after you receive this Notice, or (2) provide a list of the names and addresses of such beneficial owners, no later than fourteen (14) days after you receive this Notice, to the Claims Administrator at *MFS Mutual Fund Settlement, In re Mutual Funds Investment Litigation*, c/o The Garden City Group, Inc., P.O. Box 9410, Dublin, OH 43017-4510. If you choose the second option, the Claims Administrator will send a copy of the Notice to the beneficial owners of the shares. Upon full compliance with these directions, nominee owners may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice can be obtained from the website, www.mutualfundsettlements.com/mfs, or by calling 1 (800) 949-1898.

More Information:

- Visit the website: www.mutualfundsettlements.com/mfs.
- Write the Claims Administrator, The Garden City Group, Inc., at *MFS Mutual Fund Settlement, In re Mutual Funds Investment Litigation*, c/o The Garden City Group, Inc., P.O. Box 9410, Dublin, OH 43017-4510.
- Email questions to MFSQuestions@mutualfundsettlements.com.
- The Stipulations and all other papers filed in the Actions are available for inspection in the Clerk's office at the United States District Court for the District of Maryland, 101 W. Lombard Street, Baltimore, MD 21201, during regular business hours.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE