



COST-BASIS REPORTING

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INFORMATION YOU NEED TO KNOW

Part of the Energy Improvement and Extension Act of 2008 requires all mutual fund companies, including MFS Investment Management® (MFS®), to identify the “cost basis” of mutual fund shares when they are redeemed from a nonretirement account. Generally, “cost basis” is the amount you will pay for shares acquired on or after January 1, 2012. What does this mean for you?

1. There are a number of cost-basis methods available to taxpayers, and they are explained on page 3 of this brochure.
2. MFS has selected the average cost-basis method as our funds’ default method. If you would like MFS to apply this default method to your account, you do not need to do anything at this time.
3. If you would like to choose a cost-basis method other than average cost basis, you need to make your selection and notify MFS of your choice. You may do this by going to MFS Access on mfs.com and selecting the method of your choice. You may also use the form on page 4.

Read on for additional details regarding this requirement and your options in selecting the cost-basis method you would like MFS to apply to your accounts.

SOME THINGS YOU SHOULD KNOW ABOUT COST BASIS

Because of the complexities of the different cost-basis method options you may choose from, it is important that you consult with your tax advisor, accountant or financial advisor when deciding on a method.

Eligible accounts that are impacted

Only nonretirement accounts that are subject to IRS Form 1099-B reporting fall under the cost basis reporting guidelines and are considered “eligible” for cost-basis reporting. Accounts not subject to Form 1099-B reporting (generally IRAs and other retirement plan accounts, as well as money market fund accounts) are not impacted by the guidelines. Therefore, MFS does not apply the cost-basis method to those accounts.

Covered vs. noncovered shares

Shares that were acquired and held in your eligible account(s) before January 1, 2012, or shares acquired after the effective date when the cost basis is uncertain or unknown are referred to as “noncovered” shares. Although these shares are not covered under the requirements, you may be required to report them when you prepare your federal tax return. Please note: MFS will not provide the cost basis of noncovered shares to the IRS.

Shares added to your eligible account(s) through a direct purchase, exchange, transfer or dividend payment after January 1, 2012, are referred to as “covered” shares. These shares are reportable under the guidelines and will be reported by MFS directly to you and the IRS upon sale.

Default method

Mandatory cost-basis requirements allow for a mutual fund company to select a “default” cost-basis method. MFS has chosen the average cost-basis method as our funds’ default. This method will be applied to all account(s) subject to the reporting requirements if a shareholder does not notify MFS of a different selection. Please note that you are able to override the default method or change your selected method at the time of sale or transfer of your MFS shares. Any change from the MFS funds’ default method to another method needs to be made in writing via MFS Access on [mfs.com](https://www.mfs.com) or by using the attached form.

Current and future accounts

If you have multiple accounts with MFS that are subject to the mandatory cost-basis requirements, MFS will apply your selected method, or MFS’ default method, to all accounts that are registered under your Social Security number unless you notify MFS otherwise. In addition, you may request that MFS apply this same cost-basis method to any future account(s) you open with us.

THE COST-BASIS METHODS YOU MAY CHOOSE

Average cost – This choice averages the cost of shares purchased into a mutual fund account. The cost per share is then determined by dividing the aggregate cost amount by the total shares in the account. The basis of the shares redeemed is determined by multiplying the shares redeemed by the cost per share.

Average cost has a unique set of attributes:

- 1) If you wish to change from the average cost-basis method to a different method, you must notify MFS of your new election choice via MFS Access or in writing.
- 2) Covered shares sold using the average cost-basis method must be reported to the IRS under that method. You have a one-time opportunity to change from the average cost-basis method before your first sale of covered shares. This opportunity is called “revocation” by the IRS.

First in, first out (FIFO) – This choice designates the first shares purchased (or the oldest shares) in an account as the first shares to be sold from that account.

High cost, first out (HIFO) – This choice designates the shares with the highest price purchased in an account as the first shares to be sold from that account.

Last in, first out (LIFO) – This choice designates the last shares purchased (or the newest shares) in an account as the first shares to be sold from that account.

Low cost, first out (LOFO) – This choice designates shares with the lowest price purchased in an account as the first shares to be sold in that account.

Loss/Gain utilization – This choice directs that shares with calculated losses be sold before shares with gains. For shares that yield a loss, short-term shares are sold ahead of long-term shares. For gains, long-term shares are sold ahead of short-term shares.

Specific share lot identification – This choice requires the shareholder at the time of the sale to specifically identify the shares to be sold. It requires that the shareholder provide the selling agent with instructions indicating which shares are to be sold.

Specific share lot identification has a unique set of attributes:

- a) If you choose specific share lot identification, you must also choose a secondary method to accommodate transactions for which you may not be able to provide a share lot selection at the time of sale or exchange, such as recurring systematic withdrawals and automatic exchange plans.
- b) Your options for a secondary method include: first in, first out (FIFO); last in, first out (LIFO); high cost, first out (HIFO); low cost, first out (LOFO); or loss/gain utilization. If you do not choose a secondary method, MFS will apply FIFO as the default method.

If you do not want the average cost-basis method, which is MFS’ default method, applied to your eligible accounts, you must notify MFS. You may notify us of your choice online via MFS Access or by completing and returning the attached Cost-Basis Reporting Selection/Change Form.

MFS offers fund shareholders a suite of informational resources on the cost-basis reporting requirements effective January 1, 2012, on our Web site. You may access these resources simply by going to mfs.com/TaxCenter and selecting the heading “Cost-Basis Reporting.”

COST BASIS REPORTING SELECTION/CHANGE FORM



Please consult your tax advisor if you have questions regarding your cost basis selection method. This form is required only if you wish to select a cost basis method other than average cost or you wish to change your current selection(s). This form should not be used for retirement accounts.

1. Account Information (Required)

ACCOUNT REGISTRATION

ACCOUNT REGISTRATION

- -

SOCIAL SECURITY NUMBER

PHONE NUMBER

MAILING ADDRESS

CITY

STATE

ZIP CODE

This is my new address; please update my account information.

Note: If the new address is a non-U.S. address, you will be restricted from making additional purchases into this account and exchanges into and out of this account.

REGISTERED REPRESENTATIVE'S NAME

REGISTERED REPRESENTATIVE'S PHONE NUMBER

2. Cost Basis Method Election (Required)

This selection applies to all shares purchased after January 1, 2012, for tax reporting purposes. Visit our website at mfs.com/TaxCenter for more information about cost basis or log into MFS Access to complete your selection electronically.

Please complete either A or B.

A. Apply this cost basis method to all my current and future non-retirement accounts registered under the SSN/TIN in Section 1.

AVERAGE COST	FIRST IN, FIRST OUT (FIFO)	HIGH COST, FIRST OUT (HIFO)	LAST IN, FIRST OUT (LIFO)	LOW COST, FIRST OUT (LOFO)	LOSS/GAIN UTILIZATION	SPECIFIC LOT IDENTIFICATION (MUST COMPLETE SECTION 3)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Or

B. Apply different cost basis methods for each of my non-retirement accounts.*

FUND NUMBER ACCOUNT NUMBER

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AVERAGE COST	FIRST IN, FIRST OUT (FIFO)	HIGH COST, FIRST OUT (HIFO)	LAST IN, FIRST OUT (LIFO)	LOW COST, FIRST OUT (LOFO)	LOSS/GAIN UTILIZATION	SPECIFIC LOT IDENTIFICATION (MUST COMPLETE SECTION 3)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*For future accounts, a cost basis selection will have to be made at the time the new account is established. If you do not make a selection, average cost will be the default method applied to your account(s).

3. Secondary Method (Only complete this section if specific lot identification is chosen in Section 2.)

If you chose **specific lot identification** in Section 2, you need to choose a secondary method below to accommodate transactions for which you may not be able to provide a lot selection at the time of a redemption or exchange (example: if you have a systematic withdrawal or systematic exchange plan on your account). **If you do not make a secondary election, first in, first out (FIFO) will be applied as your secondary method.**

Please complete either A or B.

A. Apply this secondary cost basis method to all my current accounts using Specific Lot Identification under the SSN/TIN in Section 1.

	FIRST IN, FIRST OUT (FIFO)	HIGH COST, FIRST OUT (HIFO)	LAST IN, FIRST OUT (LIFO)	LOW COST, FIRST OUT (LOFO)	LOSS/GAIN UTILIZATION
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Or

B. Apply a secondary cost basis method for each of my accounts if specific lot identification was the method requested in Section 2B:

	FIRST IN, FIRST OUT (FIFO)	HIGH COST, FIRST OUT (HIFO)	LAST IN, FIRST OUT (LIFO)	LOW COST, FIRST OUT (LOFO)	LOSS/GAIN UTILIZATION
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> _____ FUND NUMBER ACCOUNT NUMBER	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> _____ FUND NUMBER ACCOUNT NUMBER	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> _____ FUND NUMBER ACCOUNT NUMBER	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Signature/Authorization (All registered owners must sign.)

I authorize MFS Service Center, Inc. and its affiliates and the fund to act on any instructions believed to be genuine for any selection authorized on this form. I agree they will not be held liable for any future penalties assessed. It is understood that the selection made above may be changed by me at any time by notifying the fund(s), as required by the Mandatory Cost Basis Regulations. Any such notification shall be effective only with respect to applicable transactions made after the receipt of such notification and a reasonable amount of time to act on it. I understand if I am changing from average cost and make a redemption under that method after January 1, 2012, my cost basis method change is effective on the day the selection change is received and applicable to shares purchased after that date.

SIGNATURE (ALL OWNERS OF THE ACCOUNT MUST SIGN.)

PRINT NAME

DATE (MM/DD/YYYY)

SIGNATURE (ALL OWNERS OF THE ACCOUNT MUST SIGN.)

PRINT NAME

DATE (MM/DD/YYYY)

If you have any questions about this form, please visit mfs.com/TaxCenter or call 1-800-225-2606 any business day.
Fax completed form to 1-877-654-3203 or Mail completed form to:

Regular mail
 MFS Service Center, Inc.
 P.O. Box 219341
 Kansas City, MO 64121-9341

Overnight mail
 MFS Service Center, Inc.
 801 Pennsylvania Ave
 Suite 219341
 Kansas City, MO 64105-1307