

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **1995-07-28**
SEC Accession No. **0000950156-95-000514**

([HTML Version](#) on [secdatabase.com](#))

FILER

MFS MUNICIPAL SERIES TRUST

CIK: **751656** | State of Incorpor.: **MA** | Fiscal Year End: **0331**
Type: **485BPOS** | Act: **33** | File No.: **002-92915** | Film No.: **95556783**

Mailing Address
*500 BOYLSTON STREET
BOSTON MA 02116*

Business Address
*500 BOYLSTON ST
BOSTON MA 02116
6179545244*

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-1A
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

POST-EFFECTIVE AMENDMENT NO. 28

AND
REGISTRATION STATEMENT
UNDER
THE INVESTMENT COMPANY ACT OF 1940

AMENDMENT NO. 29

MFS MUNICIPAL SERIES TRUST
(Exact Name of Registrant as Specified in Charter)

500 Boylston Street, Boston, Massachusetts 02116
(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code: (617) 954-5000
Stephen E. Cavan, Massachusetts Financial Services Company
500 Boylston Street, Boston, Massachusetts 02116
(Name and Address of Agent for Service)

APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING:

It is proposed that this filing will become effective (check appropriate box)

immediately upon filing pursuant to paragraph (b)

on July 29, 1995 pursuant to paragraph (b)

60 days after filing pursuant to paragraph (a) (i)

on [date] pursuant to paragraph (a) (i)

75 days after filing pursuant to paragraph (a) (ii)

on [date] pursuant to paragraph (a) (ii) of rule 485.

If appropriate, check the following box:

this post-effective amendment designates a new effective date for a
previously filed post-effective amendment

Pursuant to Rule 24f-2, the Registrant has registered an indefinite number of
its Shares of Beneficial Interest (without par value), under the Securities Act
of 1933. The Registrant filed a Rule 24f-2 Notice on behalf of all of its series
for its fiscal year ended March 31, 1995 on May 25, 1995.

MFS MUNICIPAL SERIES TRUST

MFS MUNICIPAL INCOME FUND

CROSS REFERENCE SHEET

(Pursuant to Rule 404 showing location in Prospectus and/or Statement of
Additional Information of the responses to the Items in Parts A and B of Form
N-1A)

| ITEM NUMBER FORM N-1A, PART A | PROSPECTUS CAPTION | STATEMENT OF ADDITIONAL INFORMATION |
|----------------------------------|---------------------------------|---|
| 1 (a), (b) | Front Cover Page | * |
| 2 (a) | Expense Summary | * |
| (b), (c) | * | * |
| 3 (a) | Condensed Financial Information | * |
| (b) | * | * |

| | | |
|----------|--|---|
| (c) | Information Concerning Shares of the Fund - Performance Information | * |
| (d) | Condensed Financial Information | * |
| 4 (a) | The Fund; Investment Objective and Policies | * |
| (b), (c) | Investment Objective and Policies | * |
| 5 (a) | The Fund; Management of the Fund - Investment Adviser | * |
| (b) | Front Cover Page; Management of the Fund - Investment Adviser; Back Cover Page | * |

| ITEM NUMBER FORM N-1A, PART A | PROSPECTUS CAPTION | STATEMENT OF ADDITIONAL INFORMATION |
|----------------------------------|--------------------|---|
|----------------------------------|--------------------|---|

| | | |
|------------------|---|----|
| (c) | Management of the Fund - Investment Adviser | * |
| (d) | Management of the Fund - Investment Adviser; Back Cover Page | * |
| (e) | Management of the Fund - Shareholder Servicing Agent; Back Cover Page | * |
| (f) | Expense Summary; Condensed Financial Information | * |
| (g) | Information Concerning Shares of the Fund - Purchases; Investment Objective and Policies - Portfolio Trading | * |
| 5A (a), (b), (c) | ** | ** |
| 6 (a) | Information Concerning Shares of the Fund - Description of Shares, Voting Rights and Liabilities; Information Concerning Shares of the Fund - Redemptions and Repurchases; Information Concerning Shares of the Fund - Purchases; Information Concerning Shares of the Fund - Exchanges | * |
| (b), (c), (d) | * | * |
| (e) | Shareholder Services | * |
| (f) | Information Concerning Shares of the Fund - Distributions; Shareholder Services - Distribution Options | * |
| (g) | Information Concerning Shares of the Fund - Tax Status; Information Concerning Shares of the Fund - Distributions | * |

| ITEM NUMBER FORM N-1A, PART A | PROSPECTUS CAPTION | STATEMENT OF ADDITIONAL INFORMATION |
|----------------------------------|--------------------|---|
|----------------------------------|--------------------|---|

| | | | |
|---|---------------|--|---|
| 7 | (a) | Front Cover Page; Management of the Fund - Distributor; Back Cover Page | * |
| | (b) | Information Concerning Shares of the Fund - Purchases; Information Concerning Shares of the Fund - Net Asset Value | * |
| | (c) | Information Concerning Shares of the Fund - Purchases; Information Concerning Shares of the Fund - Exchanges; Shareholder Services | * |
| | (d) | Front Cover Page; Information Concerning Shares of the Fund - Purchases; Shareholder Services | * |
| | (e) | Information Concerning Shares of the Fund - Distribution Plans; Information Concerning Shares of the Fund - Purchases; Expense Summary | * |
| | (f) | Information Concerning Shares of the Fund - Distribution Plans | * |
| 8 | (a) | Information Concerning Shares of the Fund - Redemptions and Repurchases; Information Concerning Shares of the Fund - Purchases; Shareholder Services | * |
| | (b), (c), (d) | Information Concerning Shares of the Fund - Redemptions and Repurchases | * |

9 * *

| ITEM NUMBER FORM N-1A, PART B | PROSPECTUS CAPTION | STATEMENT OF ADDITIONAL INFORMATION |
|----------------------------------|---|---|
| 10 (a), (b) | * | Front Cover Page |
| 11 | * | Front Cover Page |
| 12 | * | Definitions |
| 13 (a), (b), (c) | * | Investment Techniques |
| | (d) | * |
| 14 (a), (b) | * | Management of the Fund - Trustees and Officers |
| | (c) | Management of the Fund - Trustees and Officers; Appendix A |
| 15 (a) | * | * |
| | (b), (c) | Management of the Fund - Trustees and Officers |
| 16 (a) | Management of the Fund - Investment Adviser | Management of the Fund - Investment Adviser; Management of the Fund - Trustees and Officers |
| | (b) | Management of the Fund - Investment Adviser |
| | (c) | * |
| | (d) | Management of the Fund - Investment Adviser |

(e) * Portfolio Transactions and Brokerage Commissions

(f) Information Concerning Shares of the Fund - Distribution Plans Distribution Plans

(g) * *

ITEM NUMBER STATEMENT OF
FORM N-1A, PART B PROSPECTUS CAPTION ADDITIONAL
INFORMATION

(h) * Management of the Fund - Custodian; Independent Accountants and Financial Statements; Back Cover Page

(i) * Management of the Fund - Shareholder Servicing Agent

17 (a), (b), (c), (d) * Portfolio Transactions and Brokerage Commissions

(e) * *

18 (a) * Description of Shares, Voting Rights and Liabilities

(b) * *

19 (a) Information Concerning Shares of the Fund - Purchases; Shareholder Services Shareholder Services

(b) Information Concerning Shares of the Fund - Net Asset Value; Information Concerning Shares of the Fund - Purchases Determination of Net Asset Value; Performance Information; Management of the Fund- Distributor

(c) * *

20 * Tax Status

21 (a), (b) * Management of the Fund - Distributor; Distribution Plans

(c) * *

ITEM NUMBER STATEMENT OF
FORM N-1A, PART B PROSPECTUS CAPTION ADDITIONAL
INFORMATION

22 (a) * *

(b) * Determination of Net Asset Value; Performance Information

23 * Independent Accountants and Financial Statements

* Not Applicable
** Contained in Annual Report

PROSPECTUS
 August 1, 1995
 Class A Shares of
 Beneficial Interest
 Class B Shares of
 Beneficial Interest
 Class C Shares of
 Beneficial Interest

MFS (R) MUNICIPAL
 INCOME FUND
 (A member of the MFS Family of Funds (R))

| | Page |
|--|------|
| | ---- |
| 1. Expense Summary | 2 |
| 2. The Fund | 3 |
| 3. Condensed Financial Information | 4 |
| 4. Investment Objective and Policies | 5 |
| 5. Investment Techniques | 9 |
| 6. Management of the Fund | 12 |
| 7. Information Concerning Shares of the Fund | 13 |
| Purchases | 13 |
| Exchanges | 19 |
| Redemptions and Repurchases | 20 |
| Distribution Plans | 22 |
| Distributions | 24 |
| Tax Status | 24 |
| Net Asset Value | 25 |
| Description of Shares, Voting Rights and Liabilities | 25 |
| Performance Information | 25 |
| 8. Shareholder Services | 26 |
| Appendix A | 29 |
| Appendix B | 32 |
| Appendix C | 34 |
| Appendix D | 35 |

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

MFS MUNICIPAL INCOME FUND 500 Boylston Street, Boston, MA 02116 (617) 954-5000

The investment objective of MFS Municipal Income Fund (the "Fund") is to provide as high a level of current income exempt from federal income taxes as is considered consistent with prudent investing while seeking protection of shareholders' capital. The Fund is a diversified series of MFS Municipal Series Trust (the "Trust"), an open-end management investment company. THE FUND MAY INVEST UP TO ONE-THIRD OF ITS ASSETS IN LOWER RATED BONDS, COMMONLY KNOWN AS "JUNK BONDS," THAT ENTAIL GREATER RISKS, INCLUDING DEFAULT RISKS, THAN THOSE FOUND IN HIGHER RATED SECURITIES. INVESTORS SHOULD CAREFULLY CONSIDER THESE RISKS BEFORE INVESTING (see "Investment Objective and Policies"). The minimum initial investment generally is \$1,000 per account (see "Purchases").

The Fund's investment adviser and distributor are Massachusetts Financial Services Company ("MFS") and MFS Fund Distributors, Inc. ("MFD"), respectively, both of which are located at 500 Boylston Street, Boston, Massachusetts 02116.

SHARES OF THE FUND ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, ANY BANK AND THE SHARES ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER AGENCY.

This Prospectus sets forth concisely the information concerning the Trust and the Fund that a prospective investor ought to know before investing. The Trust, on behalf of the Fund, has filed with the Securities and Exchange Commission (the "SEC") a Statement of Additional Information, dated August 1, 1995, which contains more detailed information about the Trust and the Fund and is incorporated into this Prospectus by reference. See page 28 for a further description of the information set forth in the Statement of Additional Information. A copy of the Statement of Additional Information may be obtained without charge by contacting the Shareholder Servicing Agent (see back cover for address and phone number).

INVESTORS SHOULD READ THIS PROSPECTUS AND RETAIN IT FOR FUTURE REFERENCE.

1. EXPENSE SUMMARY

<TABLE>
 <CAPTION>
 SHAREHOLDER TRANSACTION EXPENSES:

| | CLASS A | CLASS B | CLASS C |
|--|---------|---------|---------|
| | ----- | ----- | ----- |
| <S> Maximum Initial Sales Charge Imposed on Purchases of Fund Shares (as a | <C> | <C> | <C> |

| | | | |
|---|---------------|-------|-------|
| percentage of offering price) | 4.75% | 0.00% | 0.00% |
| Maximum Contingent Deferred Sales Charge (as a percentage of original purchase price or redemption proceeds, as applicable) | See Below<F1> | 4.00% | 0.00% |

ANNUAL OPERATING EXPENSES OF THE FUND (AS A PERCENTAGE OF AVERAGE NET ASSETS):

| | | | |
|--|-----------|-----------|-----------|
| Management Fees | 0.77% | 0.77% | 0.77% |
| Rule 12b-1 Fees (after fee reduction) | 0.25%<F2> | 1.00%<F3> | 1.00%<F3> |
| Other Expenses | 0.31% | 0.38% | 0.31% |
| | ---- | ---- | ---- |
| Total Operating Expenses (after fee reduction) | 1.33%<F4> | 2.15% | 2.08% |

<FN>

<F1> Purchases of \$1 million or more are not subject to an initial sales charge; however, a contingent deferred sales charge (a "CDSC") of 1% will be imposed on such purchases in the event of certain redemption transactions within 12 months following such purchases (see "Purchases" below).

<F2> The Fund has adopted a Distribution Plan for its Class A shares in accordance with Rule 12b-1 under the Investment Company Act of 1940, as amended (the "1940 Act"), which provides that it will pay distribution/service fees aggregating up to (but not necessarily all of) 0.35% per annum of the average daily net assets attributable to the Class A shares (see "Distribution Plans" below). The Fund's distributor is currently waiving payment of 0.10% of the amount payable under the Class A Distribution Plan (see "Distribution Plans" below). After a substantial period of time, distribution expenses paid under this Plan, together with the initial sales charge, may total more than the maximum sales charge that would have been permissible if imposed entirely as an initial sales charge.

<F3> The Fund has adopted separate Distribution Plans for its Class B and its Class C shares in accordance with Rule 12b-1 under the 1940 Act, which provide that it will pay distribution/service fees aggregating up to (but not necessarily all of) 1.00% per annum of the average daily net assets attributable to the Class B shares under the Class B Distribution Plan and the Class C shares under the Class C Distribution Plan (see "Distribution Plans" below). After a substantial period of time, distribution expenses paid under these Plans, together with any CDSC payable upon redemption of Class B shares, may total more than the maximum sales charge that would have been permissible if imposed entirely as an initial sales charge.

<F4> Absent any fee waiver "Total Operating Expenses" for Class A shares would have been 1.43%.

</TABLE>

EXAMPLE OF EXPENSES

An investor would pay the following dollar amounts of expenses on a \$1,000 investment in the Fund, assuming (a) a 5% annual return and (b) redemption at the end of each of the time periods indicated (unless otherwise noted):

<TABLE>

<CAPTION>

| PERIOD | CLASS A | CLASS B | | CLASS C |
|----------------|---------|---------|-------------|---------|
| ----- | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> <F1> | <C> |
| 1 year | \$ 60 | \$ 62 | \$ 22 | \$ 21 |
| 3 years | 88 | 97 | 67 | 65 |
| 5 years | 117 | 135 | 115 | 112 |
| 10 years | 200 | 227<F2> | 227<F2> | 241 |

<FN>

<F1> Assumes no redemption.

<F2> Class B shares convert to Class A shares approximately eight years after purchase; therefore, years nine and ten reflect Class A expenses.

</TABLE>

The purpose of the expense table above is to assist investors in understanding the various costs and expenses that a shareholder of the Fund will bear directly or indirectly. More complete descriptions of the following Fund expenses are set forth in the following sections of the Prospectus: (i) varying sales charges on share purchases -- "Purchases"; (ii) varying CDSCs -- "Purchases"; (iii) management fees -- "Management of the Fund -- Investment Adviser"; and (iv) Rule 12b-1 (i.e., distribution plan) fees -- "Distribution Plans."

THE "EXAMPLE" SET FORTH ABOVE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OF THE FUND; ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

2. THE FUND

The Fund is a diversified series of the Trust, an open-end management investment company which was organized as a business trust under the laws of the Commonwealth of Massachusetts in 1984. The Trust presently consists of 19 series of shares, each of which represents a portfolio with separate investment policies. Shares of the Fund are continuously sold to the public and the Fund buys securities for its portfolio. Three classes of shares of the Fund currently are offered to the general public. Class A shares are offered at net asset value plus an initial sales charge (or a CDSC in the case of certain purchases of \$1 million or more) and subject to a Distribution Plan providing for an annual distribution fee and service fee. Class B shares are offered at net asset value without an initial sales charge but subject to a CDSC and a Distribution Plan providing for an annual distribution fee and service fee which are greater than the Class A distribution fee and service fee. Class B shares will convert to Class A shares approximately eight years after purchase. Class C shares are offered at net asset value without an initial sales charge or a CDSC but subject to a Distribution Plan providing for an annual distribution fee and service fee

which are equal to the Class B annual distribution fee and service fee. Class C shares do not convert to any other class of shares of the Fund.

The Trust's Board of Trustees provides broad supervision over the affairs of the Fund. A majority of the Trustees are not affiliated with the Adviser. The Adviser is responsible for the management of the Fund's assets and the officers of the Trust are responsible for the Fund's operations. The Adviser manages the portfolio from day to day in accordance with the Fund's investment objective and policies. The selection of investments and the way they are managed depend on the conditions and trends in the economy and the financial marketplaces. The Fund also offers to buy back (redeem) its shares from its shareholders at any time at net asset value, less any applicable CDSC.

3. CONDENSED FINANCIAL INFORMATION

The following per share information has been audited for at least the latest five fiscal years of the Fund and should be read in conjunction with financial statements included in the Fund's Annual Report to shareholders which are incorporated by reference into the Statement of Additional Information in reliance upon the report of the Fund's independent auditors, as experts in accounting and auditing. The Fund's current independent auditors are Deloitte & Touche LLP.

FINANCIAL HIGHLIGHTS CLASS A, CLASS B AND CLASS C SHARES

| | YEAR ENDED MARCH 31, | | YEAR ENDED NOVEMBER 30, | | YEAR ENDED NOVEMBER 30, | |
|--|----------------------|-------------|-------------------------|-----------|-------------------------|-----------|
| | 1995 | 1994<F1> | 1993<F2> | 1995 | 1994<F1> | 1993 |
| | ---- | ----- | ----- | ---- | ----- | ---- |
| | CLASS A | | | CLASS B | | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| PER SHARE DATA (FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD): | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Net asset value -- beginning of period | \$ 8.56 | \$ 8.99 | \$ 9.15 | \$ 8.56 | \$ 8.99 | \$ 8.73 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Income from investment operations<F4> | | | | | | |
| Net investment income | \$ 0.50 | \$ 0.15 | \$ 0.12 | \$ 0.44 | \$ 0.14 | \$ 0.42 |
| Net realized and unrealized gain (loss) on investments | 0.02 | (0.51) | (0.16) | -- | (0.51) | 0.42 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total from investment operations | \$ 0.52 | \$ (0.36) | \$ (0.04) | \$ 0.44 | \$ (0.37) | \$ 0.84 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Less distributions declared to shareholders -- | | | | | | |
| From net investment income | \$ (0.52) | \$ (0.02) | \$ (0.11) | \$ (0.43) | \$ (0.01) | \$ (0.45) |
| In excess of net investment income | -- | -- | (0.01) | -- | -- | (0.03) |
| From net realized gain on investments | -- | (0.01) | -- | -- | (0.01) | (0.10) |
| In excess of net realized gain on investments | -- <F6> | (0.04) | -- | -- | (0.04) | -- |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total distributions declared to shareholders | \$ (0.52) | \$ (0.07) | \$ (0.12) | \$ (0.43) | \$ (0.06) | \$ (0.58) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Net asset value -- end of period | \$ 8.56 | \$ 8.56 | \$ 8.99 | \$ 8.57 | \$ 8.56 | \$ 8.99 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| TOTAL RETURN<F5> | 6.33% | (7.90)%<F3> | (1.80)%<F3> | 5.32% | (8.97)%<F3> | 9.95% |
| RATIOS (TO AVERAGE NET ASSETS)/SUPPLEMENTAL DATA: | | | | | | |
| Expenses | 1.13% | 1.07%<F3> | 0.76%<F3> | 2.16% | 2.24% | 2.11% |
| Net investment income | 6.20% | 5.31%<F3> | 4.94%<F3> | 5.15% | 4.74%<F3> | 4.92% |
| PORTFOLIO TURNOVER | 25% | 9% | 30% | 25% | 9% | 30% |
| NET ASSETS AT END OF PERIOD (000 OMITTED) | \$25,270 | \$5,595 | \$ 461 | \$412,965 | \$479,478 | \$518,179 |

<FN>

<F1> For the four-month period ended March 31, 1994.

<F2> For the period from the commencement of offering of Class A shares, September 7, 1993, to November 30, 1993.

<F3> Annualized.

<F4> Per share data for the periods subsequent to November 30, 1993 are based on average shares outstanding.

<F5> Total returns for Class A shares do not include the applicable sales charge. If the charge had been included, the results would have been lower.

<F6> Distributions in excess of net realized gains were less than \$0.01 per share.

</TABLE>

FINANCIAL HIGHLIGHTS
CLASS A, CLASS B AND CLASS C SHARES

<TABLE>
<CAPTION>

| | YEAR ENDED NOVEMBER 30, | | | | | | YEAR ENDED MARCH 31, | |
|--|-------------------------|-----------|-----------|-----------|-----------|-------------|----------------------|--------------|
| | 1992 | 1991 | 1990 | 1989 | 1988 | 1987<F4> | 1995 | 1994<F1> |
| | ---- | ---- | ---- | ---- | ---- | ----- | ---- | ----- |
| | CLASS B | | | | | | CLASS C | |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| PER SHARE DATA (FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD): | | | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Net asset value -- | | | | | | | | |
| beginning of period ... | \$ 8.50 | \$ 8.25 | \$ 8.41 | \$ 8.11 | \$ 7.67 | \$ 8.47 | \$ 8.56 | \$ 9.07 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Income from investment operations<F3> -- | | | | | | | | |
| Net investment income . | \$ 0.47 | \$ 0.49 | \$ 0.49 | \$ 0.51 | \$ 0.50 | \$ 0.38 | \$ 0.44 | \$ 0.09 |
| Net realized and unrealized gain (loss) on investments | 0.26 | 0.25 | (0.15) | 0.30 | 0.43 | (0.83) | 0.01 | (0.59) |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Total from investment operations | \$ 0.73 | \$ 0.74 | \$ 0.34 | \$ 0.81 | \$ 0.93 | \$(0.45) | \$ 0.45 | \$(0.50) |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Less distributions declared to shareholders -- | | | | | | | | |
| From net investment income | \$ (0.48) | \$ (0.49) | \$ (0.50) | \$ (0.51) | \$ (0.49) | \$ (0.35) | \$ (0.44) | \$ (0.01) |
| In excess of net investment income .. | -- | -- | -- | -- | -- | -- | -- | -- |
| From paid-in capital | \$ (0.02) | -- | -- | -- | -- | -- | -- | -- |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Total distributions declared to shareholders | \$ (0.50) | \$ (0.49) | \$ (0.50) | \$ (0.51) | \$ (0.49) | \$ (0.35) | \$ (0.44) | \$ (0.01) |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Net asset value -- end of period | \$ 8.73 | \$ 8.50 | \$ 8.25 | \$ 8.41 | \$ 8.11 | \$ 7.67 | \$ 8.57 | \$ 8.56 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| TOTAL RETURN | 8.82% | 9.21% | 4.18% | 10.24% | 12.53% | (5.79)%<F2> | 5.39% | (19.42)%<F2> |
| RATIOS (TO AVERAGE NET ASSETS)/SUPPLEMENTAL DATA: | | | | | | | | |
| Expenses | 2.03% | 2.04% | 2.05% | 2.07% | 2.09% | 2.03%<F2> | 2.09% | 2.18%<F2> |
| Net investment income | 5.50% | 5.82% | 5.99% | 6.09% | 6.38% | 6.00%<F2> | 5.23%<F2> | 4.62%<F2> |
| PORTFOLIO TURNOVER | 52% | 73% | 91% | 127% | 171% | 138% | 25% | 9% |
| NET ASSETS AT END OF PERIOD (000 OMITTED) . | | | | | | | | |
| | \$449,949 | \$409,084 | \$379,239 | \$343,887 | \$244,825 | \$183,935 | \$10,936 | \$6,393 |

<FN>
<F1> For the period from the commencement of offering of Class C shares, January 3, 1994, to March 31, 1994.
<F2> Annualized.
<F3> Per share data for the periods subsequent to November 30, 1993 are based on average shares outstanding.
<F4> For the period from the commencement of investment operations, December 29, 1986, to November 30, 1987.
</TABLE>

4. INVESTMENT OBJECTIVE AND POLICIES

The Fund seeks to provide as high a level of current income exempt from federal income taxes as is considered consistent with prudent investing and protection of shareholders' capital. As a matter of fundamental policy, the Fund seeks to achieve its investment objective by investing primarily (i.e., at least 80% of its assets under normal circumstances) in debt securities issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies or instrumentalities, the interest on which is exempt from federal income tax ("Municipal Bonds" or "tax-exempt securities").

Under normal market conditions, substantially all of the Fund's assets will be invested in:

- (i) tax-exempt securities which are rated AAA, AA or A by Standard & Poor's Ratings Group ("S&P"), or by Fitch Investors Service, Inc. ("Fitch") or are rated Aaa, Aa or A by Moody's Investors Service, Inc. ("Moody's");
- (ii) notes of issuers having an issue of outstanding Municipal Bonds rated AAA, AA or A by S&P or by Fitch or Aaa, Aa or A by Moody's or which are guaranteed by the U.S. Government;

- (iii) obligations issued or guaranteed by the U.S. Government or its agencies, authorities or instrumentalities;
- (iv) commercial paper, obligations of banks (including certificates of deposit, bankers' acceptances and repurchase agreements) with \$1 billion or more of assets, and cash; and/or
- (v) tax-exempt securities which are not rated or which are rated lower than the three highest grades of S&P, Fitch or Moody's, provided that not more than one-third of the total assets of the Fund will be invested in such securities.

Interest income from the investments described in paragraphs (iii) and (iv) above may be taxable to shareholders as ordinary income. In addition, the Fund may purchase municipal obligations the interest on which may be subject to an alternative minimum tax (for purposes of this Prospectus, the interest thereon is nonetheless considered to be tax-exempt). For a description of ratings of S&P, Fitch and Moody's of Municipal Bonds, see Appendix A to this Prospectus. See Appendix B for a description of U.S. Government obligations and short-term investments. For a comparison of yields on Municipal Bonds and taxable securities, see the Taxable Equivalent Yield Table in Appendix C to this Prospectus. For a chart indicating the composition of the bond portion of the Fund's portfolio for its fiscal year ended March 31, 1995, with the debt securities separated into rating categories, see Appendix D to this Prospectus (see "Investment Objective and Policies -- Risk Factors of Lower Rated Securities" below for a description of the risks involved in investing in these lower rated fixed income securities).

Although higher quality tax-exempt securities held by the Fund may produce lower yields, they are generally more marketable.

The securities in which the Fund may invest also include zero coupon bonds (see "Investment Techniques -- Zero Coupon Bonds" below) and securities purchased on a "when-issued" or on a "forward delivery" basis (see "Investment Techniques -- When Issued Securities" below). The Fund may also invest in variable and floating rate obligations and inverse floating rate obligations (see "Investment Techniques -- Variable and Floating Rate Obligations" and "-- Inverse Floating Rate Obligations" below). In addition, the Fund may write covered call and put options and purchase call and put options, including warrants, on fixed income securities, primarily for hedging purposes and also in an effort to increase current income (see "Investment Techniques -- Options" below). The Fund may also purchase and sell interest rate futures contracts on fixed income securities and indexes of such securities and may write and purchase options thereon for hedging purposes and for non-hedging purposes, subject to applicable law (see "Investment Techniques -- Futures Contracts and Options on Futures Contracts" below). Gains recognized from options and futures transactions engaged in by the Fund are taxable income to shareholders.

From time to time, proposals have been introduced before Congress for the purpose of restricting or eliminating the federal income tax exemption for interest on Municipal Bonds (see "Tax Status" below for the effect of current federal tax law on this exemption).

There is no formula as to the percentage of assets that may be invested in any one type of security. Cash, short-term obligations, repurchase agreements or other forms of debt securities are held to provide a reserve for future purchases of securities. Subject to tax requirements, portfolio changes are made without regard to the length of time a security has been held, or whether a sale would result in a profit or loss.

ADDITIONAL INFORMATION AS TO INVESTMENT OBJECTIVE AND POLICIES

FIXED INCOME SECURITIES -- When and if available, the Fund may purchase fixed income securities at a discount from face value. However, the Fund does not intend to hold such securities to maturity for the purpose of achieving potential capital gains, unless current yields on these securities remain attractive.

CHARACTERISTICS OF MUNICIPAL BONDS -- The Fund may invest its assets in a relatively high percentage of Municipal Bonds issued by entities having similar characteristics. The issuers may pay their interest obligations from revenue of similar projects such as multi-family housing, nursing homes, electric utility systems, hospitals or life care facilities. This may make the Fund more susceptible to similar economic, political or regulatory occurrences. As the similarity in issuers increases, the potential for fluctuation of the net asset value of the Fund's shares also increases. The Fund will only invest in securities of issuers which it believes will make timely payments of interest and principal.

The Fund may invest more than 25% of its assets in industrial revenue bonds (referred to under current tax law as private activity bonds), and also may invest more than 25% of its assets in revenue bonds issued for housing,

including multi-family housing, health care facilities or electric utilities, at times when the relative value of issues of such a type is considered, in the judgment of the Adviser, to be more favorable than that of other available types of issues, taking into consideration the particular restrictions on investment flexibility arising from the investment objective of the Fund of providing current income exempt from federal income taxes. Therefore, investors should also be aware of the risks which these investments may entail. Industrial revenue bonds are issued by various state and local agencies to finance various projects.

If a revenue bond is secured by payments generated from a project, and the revenue bond is also secured by a lien on the real estate comprising the project, foreclosure by the indenture trustee on the lien for the benefit of the bondholders creates additional risks associated with owning real estate, including environmental risks.

Housing revenue bonds typically are issued by a state, county or local housing authority and are secured only by the revenues of mortgages originated by the authority using the proceeds of the bond issue. Because of the impossibility of precisely predicting demand for mortgages from the proceeds of such an issue, there is a risk that the proceeds of the issue will be in excess of demand, which would result in early retirement of the bonds by the issuer. Moreover, such housing revenue bonds depend for their repayment upon the cash flow from the underlying mortgages, which cannot be precisely predicted when the bonds are issued. Any difference in the actual cash flow from such mortgages from the assumed cash flow could have an adverse impact upon the ability of the issuer to make scheduled payments of principal and interest on the bonds, or could result in early retirement of the bonds. Additionally, such bonds depend in part for scheduled payments of principal and interest upon reserve funds established from the proceeds of the bonds, assuming certain rates of return on investment of such reserve funds. If the assumed rates of return are not realized because of changes in interest rate levels or for other reasons, the actual cash flow for scheduled payments of principal and interest on the bonds may be inadequate. The financing of multi-family housing projects is affected by a variety of factors, including satisfactory completion of construction within cost constraints, the achievement and maintainance of a sufficient level of occupancy, sound management of the developments, timely and adequate increases in rents to cover increases in operating expenses, including taxes, utility rates and maintenance costs, changes in applicable laws and governmental regulations and social and economic trends.

The Fund may invest in municipal lease securities. These are undivided interests in a portion of an obligation in the form of a lease or installment purchase which is issued by state and local governments to acquire equipment and facilities. Municipal leases frequently have special risks not normally associated with general obligation or revenue bonds. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt-issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of "non-appropriation" clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. Although the obligations will be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might, in some cases, prove difficult. In light of these concerns, the Fund has adopted and follows procedures for determining whether municipal lease securities purchased by the Fund are illiquid and thus subject to the Fund's limitation on investing not more than 15% of its net assets in illiquid investments, or liquid and thus not subject to such limitation. The procedures require that a number of factors be used in evaluating the liquidity of a municipal lease security, including the frequency of trades and quotes for the security, the number of dealers willing to purchase or sell the security and the number of other potential purchasers, the willingness of dealers to undertake to make a market in the security, the nature of the marketplace in which the security trades, the credit quality of the security and other factors which the Adviser may deem relevant. There are, of course, variations in the security of municipal lease securities, both within a particular classification and between classifications, depending on numerous factors.

Electric utilities face problems in financing large construction programs in an inflationary period, cost increases and delay occasioned by environmental considerations (particularly with respect to nuclear facilities), difficulty in obtaining fuel at reasonable prices, the cost of competing fuel sources, difficulty in obtaining sufficient rate increases and other regulatory problems, the effect of energy conservation and difficulty of the capital market to absorb utility debt.

Health care facilities include life care facilities, nursing homes and hospitals. Life care facilities are alternative forms of long-term housing for the elderly which offer residents the independence of condominium life style and, if needed, the comprehensive care of nursing home services. Bonds to finance these facilities have been issued by various state industrial development authorities. Since the bonds are secured only by the revenues of

each facility and not by state or local government tax payments, they are subject to a wide variety of risks. Primarily, the projects must maintain adequate occupancy levels to be able to provide revenues adequate to maintain debt service payments. Moreover, in the case of life care facilities, since a portion of housing, medical care and other services may be financed by an initial deposit, there may be risk if the facility does not maintain adequate financial reserves to secure estimated actuarial liabilities. The ability of management to accurately forecast inflationary cost pressures weighs importantly in this process. The facilities may also be affected by regulatory cost restrictions applied to health care delivery in general, particularly state regulations or changes in Medicare and Medicaid payments or qualifications, or restrictions imposed by medical insurance companies. They may also face competition from alternative health care or conventional housing facilities in the private or public sector. Hospital bond ratings are often based on feasibility studies which contain projections of expenses, revenues and occupancy levels. A hospital's gross receipts and net income available to service its debt are influenced by demand for hospital services, the ability of the hospital to provide the services required, management capabilities, economic developments in the service area, efforts by insurers and government agencies to limit rates and expenses, confidence in the hospital, service area economic developments, competition, availability and expense of malpractice insurance, Medicaid and Medicare funding, and possible federal legislation limiting the rates of increase of hospital charges.

The Fund may also invest in bonds for industrial and other projects, such as sewage or solid waste disposal or hazardous waste treatment facilities. Financing for such projects will be subject to inflation and other general economic factors as well as construction risks including labor problems, difficulties with construction sites and the ability of contractors to meet specifications in a timely manner. Because some of the materials, processes and wastes involved in these projects may include hazardous components, there are risks associated with their production, handling and disposal.

RESTRICTED SECURITIES -- The Fund may also purchase securities that are not registered under the Securities Act of 1933 (the "1933 Act") ("restricted securities"), including those that can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act ("Rule 144A securities"). The Trust's Board of Trustees determines, based upon a continuing review of the trading markets for a specific Rule 144A security, whether such security is liquid and thus not subject to the Fund's limitations on investing not more than 15% of its net assets in illiquid investments. The Board of Trustees has adopted guidelines and delegated to MFS the daily function of determining and monitoring the liquidity of Rule 144A securities. The Board, however, will retain sufficient oversight and be ultimately responsible for the determinations. The Board will carefully monitor the Fund's investments in Rule 144A securities, focusing on such important factors, among others, as valuation, liquidity and availability of information. This investment practice could have the effect of decreasing the level of liquidity in a Fund to the extent that qualified institutional buyers become for a time uninterested in purchasing Rule 144A securities held in the Fund's portfolio. Subject to the Fund's 15% limitation on investments in illiquid investments, the Fund may also invest in restricted securities that may not be sold under Rule 144A, which presents certain risks. As a result, the Fund might not be able to sell these securities when the Adviser wishes to do so, or might have to sell them at less than fair value. In addition, market quotations are less readily available. Therefore, judgment may at times play a greater role in valuing these securities than in the case of unrestricted securities.

RISK FACTORS REGARDING LOWER RATED SECURITIES -- The Fund may invest to a limited extent in lower rated fixed income securities or comparable unrated securities. Investments in fixed income securities offering the high current income sought by the Fund, while generally providing greater income and opportunity for gain than investments in higher rated securities, usually entail greater risk of principal and income (including the possibility of default or bankruptcy of the issuers of such securities), and involve greater volatility of price (especially during periods of economic uncertainty or change) than investments in higher rated securities and because yields may vary over time, no specified level of income can ever be assured. In particular, securities rated lower than Baa by Moody's or BBB by S&P or Fitch or comparable unrated securities (commonly known as "junk bonds") are considered speculative. These lower rated high yielding fixed income securities generally tend to reflect economic changes (and the outlook for economic growth), short-term corporate and industry developments and the market's perception of their credit quality (especially during times of adverse publicity) to a greater extent than higher rated securities which react primarily to fluctuations in the general level of interest rates (although these lower rated fixed income securities are also affected by changes in interest rates). In the past, economic downturns or an increase in interest rates have under certain circumstances caused a higher incidence of default by the issuers of these securities and may do so in the future, especially in the case of highly leveraged issuers. During certain periods, the higher yields on the Fund's lower rated high yielding fixed income securities are paid primarily because of the increased risk of loss of principal and income, arising from such factors as the heightened possibility of default or bankruptcy of the issuers of such securities. Due to the fixed income payments of these securities, the Fund may continue to earn the same level of

interest income while its net asset value declines due to portfolio losses, which could result in an increase in the Fund's yield despite the actual loss of principal. The prices for these securities may be affected by legislative and regulatory developments. Changes in the value of securities subsequent to their acquisition will not affect cash income or yield to maturity to the Fund but will be reflected in the net asset value of shares of the Fund. The market for these lower rated fixed income securities may be less liquid than the market for investment grade fixed income securities. Furthermore, the liquidity of these lower rated securities may be affected by the market's perception of their credit quality. Therefore, the Adviser's judgment may at times play a greater role in valuing these securities than in the case of investment grade fixed income securities, and it also may be more difficult during times of certain adverse market conditions to sell these lower rated securities at their fair value to meet redemption requests or to respond to changes in the market. No minimum rating standard is required by the Fund. To the extent the Fund invests in these lower rated fixed income securities, the achievement of its investment objective may be more dependent on the Adviser's own credit analysis than in the case of a fund investing in higher quality bonds. While the Adviser may refer to ratings issued by established credit rating agencies, it is not a policy of the Fund to rely exclusively on ratings issued by these agencies, but rather to supplement such ratings with the Adviser's own independent and ongoing review of credit quality.

The Fund may also invest in fixed income securities rated Baa by Moody's or BBB by S&P or Fitch and comparable unrated securities. These securities, while normally exhibiting adequate protection parameters, may have speculative characteristics and changes in economic conditions and other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than in the case of higher grade fixed income securities.

ADDITIONAL RISK FACTORS -- The net asset value of the shares of an open-end investment company which may invest in fixed income securities changes as the general levels of interest rates fluctuate. When interest rates decline, the value of a fixed income portfolio can be expected to rise. Conversely, when interest rates rise, the value of a fixed income portfolio can be expected to decline.

Although changes in the value of securities subsequent to their acquisition are reflected in the net asset value of shares of the Fund, such changes will not affect the income received by the Fund from such securities. However, the dividends paid by the Fund, if any, will increase or decrease in relation to the income received by the Fund from its investments, which would in any case be reduced by the Fund's expenses before it is distributed to shareholders.

In addition, the use of options, futures contracts and options on futures contracts (see "Investment Techniques" below) may result in the loss of principal, particularly where such instruments are traded for other than hedging purposes (e.g., to enhance current yield).

SHORT-TERM INVESTMENTS FOR DEFENSIVE PURPOSES -- During periods of unusual market conditions when the Adviser believes that investing for defensive purposes is appropriate, or in order to meet anticipated redemption requests, up to 50% of the assets of the Fund may be invested in cash or cash equivalents including, but not limited to, obligations of banks (including certificates of deposit, bankers' acceptances and repurchase agreements) with assets of \$1 billion or more, commercial paper, short-term notes, obligations issued or guaranteed by the U.S. Government or any of its agencies, authorities or instrumentalities and related repurchase agreements. U.S. Government securities also include interests in trusts or other entities representing interests in obligations that are issued or guaranteed by the U.S. Government, its agencies, authorities or instrumentalities. See Appendix B to this Prospectus for a description of U.S. Government obligations and certain short-term investments.

5. INVESTMENT TECHNIQUES

LENDING OF SECURITIES: The Fund may make loans of its portfolio securities. Such loans will usually be made only to member banks of the Federal Reserve System and member firms (and subsidiaries thereof) of the New York Stock Exchange (the "Exchange") and would be required to be secured continuously by collateral in cash, cash equivalents or U.S. Government securities maintained on a current basis at an amount at least equal to the market value of the securities loaned. The Fund would continue to collect the equivalent of the interest on the securities loaned and would also receive either interest (through investment of cash collateral) or a fee (if the collateral is U.S. Government securities). For additional information, see the Statement of Additional Information.

REPURCHASE AGREEMENTS: The Fund may enter into repurchase agreements in order to earn additional income on available cash or as a temporary defensive measure. Under a repurchase agreement the Fund acquires securities subject to the seller's agreement to repurchase them at a specified time and price. If the seller becomes subject to a proceeding under the bankruptcy laws or its assets are otherwise subject to a stay order, the Fund's right to liquidate the securities may be restricted (during which time the value of the securities could decline). As discussed in the Statement of Additional Information, the

Fund has adopted certain procedures which are intended to minimize any such risk.

WHEN-ISSUED SECURITIES: In order to help ensure the availability of suitable securities for its portfolio, the Fund may purchase securities on a "when-issued" or on a "forward delivery" basis, which means that the obligations will be delivered to the Fund at a future date usually beyond customary settlement time. It is expected that, under normal circumstances, the Fund will take delivery of such securities. In general, the Fund does not pay for the securities until received and does not start earning interest on the obligations until the contractual settlement date. While awaiting delivery of the obligations purchased on such bases, the Fund will establish a segregated account consisting of cash, short-term money market instruments or high quality debt securities equal to the amount of the commitments to purchase "when-issued" securities. For additional information, see the Statement of Additional Information.

ZERO COUPON BONDS: The Fund may invest in zero coupon bonds. Zero coupon bonds are debt obligations which are issued or purchased at a significant discount from face value. The discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest payment date at a rate of interest reflecting the market rate of the security at the time of issuance. Zero coupon bonds do not require the periodic payment of interest. Such investments benefit the issuer by mitigating its need for cash to meet debt service, but also require a higher rate of return to attract investors who are willing to defer receipt of such cash. Such investments may experience greater volatility in market value due to changes in interest rates than debt obligations which make regular payments of interest. The Fund will accrue income on such investments for tax and accounting purposes, as required, which is distributable to shareholders and which, because no cash is received at the time of accrual, may require the liquidation of other portfolio securities to satisfy the Fund's distribution obligations.

VARIABLE AND FLOATING RATE OBLIGATIONS: The Fund may invest in variable and floating rate obligations. The interest rates payable on certain securities in which the Fund may invest are not fixed and may fluctuate based upon changes in market rates. Variable rate obligations have an interest rate which is adjusted at predesignated periods and interest on floating rate obligations is adjusted whenever there is a change in the market rate of interest on which the interest rate payable is based. For additional information concerning variable and floating rate obligations, see the Statement of Additional Information.

INVERSE FLOATING RATE OBLIGATIONS: The Fund may invest in so called "inverse floating rate obligations" or "residual interest" bonds, or other obligations or certificates relating thereto structured to have similar features. Such obligations generally have floating or variable interest rates that move in the opposite direction of short-term interest rates and generally increase or decrease in value in response to changes in short-term interest rates at a rate which is a multiple (typically two) of the rate at which fixed-rate long-term tax-exempt securities increase or decrease in response to such changes. As a result, such obligations have the effect of providing investment leverage and may be more volatile than long-term fixed-rate tax-exempt obligations. For additional information, see the Statement of Additional Information.

INDEXED SECURITIES: The Fund may invest in indexed securities whose value is linked to foreign currencies, interest rates, commodities, indices or other financial indicators. Most indexed securities are short-term to intermediate-term fixed-income securities whose values at maturity or interest rates rise or fall according to the change in one or more specified underlying instruments. Indexed securities may be positively or negatively indexed (i.e., their value may increase or decrease if the underlying instrument appreciates), and may have return characteristics similar to direct investments in the underlying instrument or to one or more options on the underlying instrument. Indexed securities may be more volatile than the underlying instrument itself.

TRANSACTIONS IN OPTIONS AND FUTURES: The Fund may enter into transactions in options and futures on a variety of instruments and indexes, in order to protect against declines in the value of portfolio securities or increases in the cost of securities or other assets to be acquired and, subject to applicable law, to increase the Fund's gross income. The types of instruments to be purchased and sold by the Fund are described in the Statement of Additional Information, which should be read in conjunction with the following section. In addition, the Statement of Additional Information contains a further discussion of the nature of the transactions which may be entered into and the risks associated therewith.

OPTIONS

OPTIONS ON SECURITIES -- The Fund may write (sell) covered call and put options and purchase call and put options on fixed income securities. The Fund will write options on such securities for the purpose of increasing its return on such securities and/or protect the values of its portfolio. In particular, where

the Fund writes an option which expires unexercised or is closed out by the Fund at a profit, it will retain the premium paid for the option which will increase its gross income and will offset in part the reduced value of the portfolio security underlying the option, or the increased cost of portfolio securities to be acquired. In contrast, however, if the price of the underlying security moves adversely to the Fund's position, the option may be exercised and the Fund will be required to purchase or sell the underlying security at a disadvantageous price, which may only be partially offset by the amount of the premium. The Fund may also write combinations of put and call options on the same security, known as "straddles." Such transactions can generate additional premium income but also present increased risk.

By writing a call option on a security, the Fund limits its opportunity to profit from any increase in the market value of the underlying security, since the holder will usually exercise the call option when the market value of the underlying security exceeds the exercise price of the call. However, the Fund retains the risk of depreciation in value of securities on which it has written call options.

The Fund may also purchase put or call options in anticipation of market fluctuations which may adversely affect the value of its portfolio or the prices of securities that the Fund wants to purchase at a later date. In the event that the expected market fluctuations occur, the Fund may be able to offset the resulting adverse effect on its portfolio, in whole or in part, through the options purchased. The premium paid for a put or call option plus any transaction costs will reduce the benefit, if any, realized by the Fund upon exercise or liquidation of the option, and, unless the price of the underlying security changes sufficiently, the option may expire without value to the Fund.

In addition, the Fund may purchase warrants on fixed income securities. A warrant on a fixed income security is a long-dated call option conveying to the holder of the warrant the right, but not the obligation, to purchase a fixed income security of a specific description from the issuer on a certain date or dates (the exercise date) at a fixed exercise price.

In certain instances, the Fund may enter into options on Treasury securities which may be referred to as "reset" options or "adjustable strike" options. These options provide for periodic adjustment of the strike price and may also provide for the periodic adjustment of the premium during the term of the option.

FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

FUTURES CONTRACTS -- The Fund may enter into interest rate futures contracts on fixed income securities and indexes of such securities. (Unless otherwise specified, such futures contracts are referred to as "Futures Contracts.") The Fund will utilize Futures Contracts for hedging and non-hedging purposes, subject to applicable law. Purchases or sales of Futures Contracts for hedging purposes are used to hedge against the effects of interest rate changes on the Fund's current or intended investment in fixed income securities. In the event that an anticipated decrease in the value of portfolio securities occurs as a result of a general increase in interest rates, the adverse effects of such changes may be offset, in whole or part, by gains on the sale of Futures Contracts. Conversely, the increased cost of portfolio securities to be acquired, caused by a general decline in interest rates, may be offset, in whole or part, by gains on Futures Contracts purchased by the Fund. The Fund will incur brokerage fees when it purchases and sells Futures Contracts, and it will be required to make and maintain margin deposits.

OPTIONS ON FUTURES CONTRACTS -- The Fund may purchase and write options on Futures Contracts. (Unless otherwise specified, options on Futures Contracts are referred to as "Options on Futures Contracts.") Such investment strategies will be used for hedging and non-hedging purposes, subject to applicable law. Put and call Options on Futures Contracts may be traded by the Fund in order to protect against declines in the values of portfolio securities or against increases in the cost of securities to be acquired. Purchases of Options on Futures Contracts may present less risk in hedging the portfolio of the Fund than the purchase or sale of the underlying Futures Contracts since the potential loss is limited to the amount of the premium plus related transaction costs. The writing of such options, however, does not present less risk than the trading of Futures Contracts and will constitute only a partial hedge, up to the amount of the premium received. In addition, if an option is exercised, the Fund may suffer a loss on the transaction.

RISKS OF TRANSACTIONS IN FUTURES CONTRACTS, OPTIONS ON FUTURES CONTRACTS AND OPTIONS: Although the Fund may enter into certain transactions in Futures Contracts, Options on Futures Contracts and options for hedging purposes, such transactions do involve certain risks. For example, a lack of correlation between the instrument underlying an option or Futures Contract and the assets being hedged, or unexpected adverse price movements, could render the Fund's hedging strategy unsuccessful and could result in losses. "Cross hedging" transactions may involve greater correlation risks. In addition, there can be no assurance that a liquid secondary market will exist for any contract purchased

or sold, and the Fund may be required to maintain a position until exercise or expiration, which could result in losses. As noted, the Fund may also enter into Futures Contracts, Options on Futures Contracts and options for other than hedging purposes (subject to applicable law), including speculative transactions, which involve greater risk. In particular, in entering into such transactions, the Fund may experience losses which are not offset by gains on other portfolio positions, thereby reducing its gross income. In addition, the markets for such instruments may be extremely volatile from time to time, as discussed in the Statement of Additional Information, which could increase the risks incurred by the Fund in entering into such transactions.

Transactions in options may be entered into on U.S. exchanges regulated by the SEC and in the over-the-counter market. Futures Contracts and Options on Futures Contracts may be entered into on U.S. exchanges regulated by the Commodity Futures Trading Commission (the "CFTC"). The risks related to transactions in options, Futures Contracts, Options on Futures Contracts and Forward Contracts entered into by the Fund are set forth in greater detail in the Statement of Additional Information, which should be reviewed in conjunction with the foregoing discussion.

PORTFOLIO TRADING

The Fund intends to manage its portfolio by buying and selling securities to help attain its investment objective. This may result in increases or decreases in the Fund's current income available for distribution to the Fund's shareholders and in the holding by the Fund of debt securities which sell at moderate to substantial premiums or discounts from face value. The Fund will engage in portfolio trading if it believes a transaction, net of costs (including custodian charges), will help in attaining its investment objective (see "Portfolio Transactions and Brokerage Commissions" in the Statement of Additional Information).

The primary consideration in placing portfolio security transactions with broker-dealers for execution is to obtain, and maintain the availability of, execution at the most favorable prices and in the most effective manner possible. Consistent with the foregoing primary consideration, the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (the "NASD") and such other policies as the Trustees may determine, the Adviser may consider sales of shares of the Fund and of other investment company clients of MFD as a factor in the selection of broker-dealers to execute the Fund's portfolio transactions. From time to time, the Adviser may direct certain portfolio transactions to broker-dealer firms which, in turn, have agreed to pay a portion of the Fund's operating expenses (e.g., fees charged by the custodian of the Fund's assets). For a further discussion of portfolio trading, see the Statement of Additional Information.

The Statement of Additional Information includes a discussion of other investment policies and a listing of specific investment restrictions which govern the Fund's investment policies. The specific investment restrictions listed in the Statement of Additional Information may be changed without shareholder approval unless indicated otherwise (see "Investment Restrictions" in the Statement of Additional Information). The Fund's investment limitations, policies and rating standards are adhered to at the time of purchase or utilization of assets; a subsequent change in circumstances will not be considered to result in a violation of policy.

6. MANAGEMENT OF THE FUND

Investment Adviser -- MFS manages the Fund pursuant to an Investment Advisory Agreement dated September 1, 1993 (the "Advisory Agreement"). The Adviser provides the Fund with overall investment advisory and administrative services, as well as general office facilities. David B. Smith, an Assistant Vice President of the Trust and a Vice President of the Adviser, is the Fund's portfolio manager. Mr. Smith became the portfolio manager of the Fund in April, 1993. Mr. Smith joined the Adviser in 1988 as a Senior Treasury Analyst. Subject to such policies as the Trustees may determine, the Adviser makes investment decisions for the Fund. For its services and facilities, the Adviser receives a management fee, computed and paid monthly, in an amount equal to 0.30% of the Fund's average daily net assets plus 6.43% of its gross income for its then-current fiscal year.

For the year ended March 31, 1995, the investment advisory fees received under the Advisory Agreement were \$3,545,246 (of which \$1,390,697 was based on average daily net assets and \$2,154,549 on gross income), equal to, on an annualized basis, 0.77% of the Fund's average daily net assets.

MFS also serves as investment adviser to each of the other funds in the MFS Family of Funds (the "MFS Funds") and to MFS(R) Municipal Income Trust, MFS Multimarket Income Trust, MFS Government Markets Income Trust, MFS Intermediate Income Trust, MFS Charter Income Trust, MFS Special Value Trust, MFS Institutional Trust, MFS Variable Insurance Trust, MFS Union Standard Trust, MFS/Sun Life Series Trust, Sun Growth Variable Annuity Fund, Inc. and seven

variable accounts, each of which is a registered investment company established by Sun Life Assurance Company of Canada (U.S.) ("Sun Life of Canada (U.S.)") in connection with the sale of various fixed/variable annuity contracts. MFS and its wholly-owned subsidiary, MFS Asset Management, Inc., provide investment advice to substantial private clients.

MFS is America's oldest mutual fund organization. MFS and its predecessor organizations have a history of money management dating from 1924 and the founding of the first mutual fund in the United States, Massachusetts Investors Trust. Net assets under the management of the MFS organization were approximately \$37.2 billion on behalf of approximately 1.7 million investor accounts as of June 30, 1995. As of such date, the MFS organization managed approximately \$13.8 billion of assets invested in equity securities and approximately \$19.6 billion of assets invested in fixed income securities. Approximately \$3.0 billion of the assets managed by MFS are invested in securities of foreign issuers and non-U.S. dollar denominated securities of U.S. issuers. MFS is a wholly owned subsidiary of Sun Life of Canada (U.S.), which in turn is a wholly owned subsidiary of Sun Life Assurance Company of Canada ("Sun Life"). The Directors of MFS are A. Keith Brodtkin, Jeffrey L. Shames, Arnold D. Scott, John D. McNeil and John R. Gardner. Mr. Brodtkin is the Chairman, Mr. Shames is the President and Mr. Scott is the Secretary and a Senior Executive Vice President of MFS. Messrs. McNeil and Gardner are the Chairman and President, respectively, of Sun Life. Sun Life, a mutual life insurance company, is one of the largest international life insurance companies and has been operating in the United States since 1895, establishing a headquarters office here in 1973. The executive officers of MFS report to the Chairman of Sun Life.

A. Keith Brodtkin, the Chairman and a Director of MFS, is the Chairman and President of the Trust. Cynthia M. Brown, Robert A. Dennis, David R. King, Geoffrey L. Schechter, David B. Smith, W. Thomas London, Stephen E. Cavan, James R. Bordewick, Jr. and James O. Yost, all of whom are officers of MFS, are officers of the Trust.

DISTRIBUTOR -- MFD, a wholly owned subsidiary of MFS, is the distributor of shares of the Fund and also serves as distributor for each of the other MFS Funds.

SHAREHOLDER SERVICING AGENT -- MFS Service Center, Inc. (the "Shareholder Servicing Agent"), a wholly owned subsidiary of MFS, performs transfer agency, certain dividend disbursing agency and other services for the Fund.

7. INFORMATION CONCERNING SHARES OF THE FUND

PURCHASES

Shares of the Fund may be purchased at the public offering price through any securities dealer, certain banks and other financial institutions having selling agreements with MFD. Non-securities dealer financial institutions will receive transaction fees that are the same as commission fees to dealers. Securities dealers and other financial institutions may also charge their customers fees relating to investments in the Fund.

The Fund offers three classes of shares which bear sales charges and distribution fees in different forms and amounts:

CLASS A SHARES: Class A shares are offered at net asset value plus an initial sales charge (or CDSC in the case of certain purchases of \$1 million or more) as follows:

<TABLE>
<CAPTION>

| AMOUNT OF PURCHASE | SALES CHARGE<F1> AS PERCENTAGE OF: | | DEALER ALLOWANCE AS A PERCENTAGE OF OFFERING PRICE |
|---|---------------------------------------|------------------------|--|
| | OFFERING PRICE | NET AMOUNT INVESTED | |
| <S> | <C> | <C> | <C> |
| Less than \$100,000 | 4.75% | 4.99% | 4.00% |
| \$100,000 but less than \$250,000 | 4.00 | 4.17 | 3.20 |
| \$250,000 but less than \$500,000 | 2.95 | 3.04 | 2.25 |
| \$500,000 but less than \$1,000,000 | 2.20 | 2.25 | 1.70 |
| \$1,000,000 or more | None** | None** | See Below<F2> |

<FN>
<F1> Because of rounding in the calculation of offering price, actual sales charges may be more or less than those calculated using the percentages above.

<F2> A CDSC may apply in certain circumstances. MFD will pay a commission on purchases of \$1 million or more.
</TABLE>

No sales charge is payable at the time of purchase of Class A shares on investments of \$1 million or more. However, a CDSC shall be imposed on such investments in the event of a share redemption within 12 months following the share purchase, at the rate of 1% on the lesser of the value of the shares redeemed (exclusive of reinvested dividends and capital gain distributions) or the total cost of such shares.

In determining whether a CDSC on such Class A shares is payable, and, if so, the amount of the charge, it is assumed that shares not subject to the CDSC are the first redeemed followed by other shares held for the longest period of time. All investments made during a calendar month, regardless of when during the month the investment occurred, will age one month on the last day of the month and each subsequent month. Except as noted below, the CDSC on Class A shares will be waived in the case of: (i) exchanges (except that if the shares acquired by exchange were then redeemed within 12 months of the initial purchase other than in connection with subsequent exchanges to other MFS Funds, the charge would not be waived); (ii) distributions to participants from a retirement plan qualified under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code") (a "Retirement Plan"), due to: (a) a loan from the plan (repayments of loans, however, will constitute new sales for purposes of assessing the CDSC); (b) "financial hardship" of the participant in the plan, as that term is defined in Treasury Regulation Section 1.401(k)-1(d)(2), as amended from time to time; or (c) the death of a participant in such a plan; (iii) distributions from a 403(b) plan or an Individual Retirement Account ("IRA"), due to death, disability, or attainment of age 59 1/2; (iv) tax-free returns of excess contributions to an IRA; (v) distributions by other employee benefit plans to pay benefits; and (vi) certain involuntary redemptions and redemptions in connection with certain automatic withdrawals from a qualified retirement plan. The CDSC on Class A shares will not be waived, however, if the Retirement Plan withdraws from the Fund except if that Retirement Plan has invested its assets in Class A shares of one or more of the MFS Funds for more than 10 years from the later to occur of (i) January 1, 1993 or (ii) the date such Retirement Plan first invests its assets in Class A shares of one or more of the MFS Funds, the CDSC on Class A shares will be waived in the case of a redemption of all of the Retirement Plan's shares (including shares of any other class) in all MFS Funds (i.e., all the assets of the Retirement Plan invested in the MFS Funds are withdrawn), unless, immediately prior to the redemption, the aggregate amount invested by the Retirement Plan in Class A shares of the MFS Funds (excluding the reinvestment of distributions) during the prior four-year period equals 50% or more of the total value of the Retirement Plan's assets in the MFS Funds, in which case the CDSC will not be waived. The CDSC on Class A shares will be waived upon redemption by a Retirement Plan where the redemption proceeds are used to pay expenses of the Retirement Plan or certain expenses of participants under the Retirement Plan (e.g., participant account fees), provided that the Retirement Plan's sponsor subscribes to the MFS Fundamental 401(k) Plan(sm) or another similar recordkeeping system made available by the Shareholder Servicing Agent. The CDSC on Class A shares will be waived upon the transfer of registration from shares held by a Retirement Plan through a single account maintained by the Shareholder Servicing Agent to multiple Class A share accounts maintained by the Shareholder Servicing Agent on behalf of individual participants in the Retirement Plan, provided that the Retirement Plan's sponsor subscribes to the MFS Fundamental 401(k) Plan(sm) or another similar recordkeeping system made available by the Shareholder Servicing Agent. Any applicable CDSC will be deferred upon an exchange of Class A shares of the Fund for units of participation of the MFS Fixed Fund (a bank collective investment fund) (the "Units"), and the CDSC will be deducted from the redemption proceeds when such Units are subsequently redeemed (assuming the CDSC is then payable). No CDSC will be assessed upon an exchange of Units for Class A shares of the Fund. For purposes of calculating the CDSC payable upon redemption of Class A shares of the Fund or Units acquired pursuant to one or more exchanges, the period during which the Units are held will be aggregated with the period during which the Class A shares are held. MFD shall receive all CDSCs which it intends to apply for the benefit of the Fund.

MFD allows discounts to dealers (which are alike for all dealers) from the applicable public offering price, as shown in the above table. In the case of the maximum sales charge, the dealer retains 4% and MFD retains approximately 3/4 of 1% of the public offering price. The sales charge may vary depending on the number of shares of the Fund as well as certain MFS Funds and other funds owned or being purchased, the existence of an agreement to purchase additional shares during a 13-month period or 36-month period for purchases of \$1 million or more or other special purchase programs. A description of the Right of Accumulation, Letter of Intent and Group Purchases privileges by which the sales charge may be reduced is set forth in the Statement of Additional Information. In addition, MFD will pay a commission to dealers who initiate and are responsible for purchases of \$1 million or more as follows: 1.00% on sales up to \$5 million, plus 0.25% on the amount in excess of \$5 million. Purchases of \$1 million or more for each shareholder account will be aggregated over a 12-month period (commencing from the date of the first such purchase) for purposes of determining the level of commissions to be paid during that period with respect to such account.

Class A shares of the Fund may be sold at their net asset value to the officers

of the Trust, to any of the subsidiary companies of Sun Life, to eligible Directors, officers, employees (including retired employees) and agents of MFS, Sun Life or any of their subsidiary companies, to any trust, pension, profit-sharing or any other benefit plan for such persons, to any trustees and retired trustees of any investment company for which MFD serves as distributor or principal underwriter, and to certain family members of such individuals and their spouses, provided the shares will not be resold except to the Fund. Class A shares of the Fund may be sold at net asset value to any employee, partner, officer or trustee of any sub-adviser to any MFS Fund and to certain family members of such individuals and their spouses, or to any trust, pension, profit-sharing or other retirement plan for the sole benefit of such employee or representative, provided such shares will not be resold except to the Fund. Class A shares of the Fund may also be sold at their net asset value to any employee or registered representative of any dealer or other financial institution which has a sales agreement with MFD or its affiliates, to certain family members of such employees or representatives and their spouses, or to any trust, pension, profit-sharing or other retirement plan for the sole benefit of such employee or representative, and to clients of MFS Asset Management, Inc. Class A shares may be sold at net asset value, subject to appropriate documentation, through a dealer where the amount invested represents redemption proceeds from a registered open-end management investment company not distributed or managed by MFD or its affiliates if: (i) the redeemed shares were subject to an initial sales charge or a deferred sales charge (whether or not actually imposed); (ii) such redemption has occurred no more than 90 days prior to the purchase of Class A shares of the Fund; and (iii) the Fund, MFD or its affiliates have not agreed with such company or its affiliates, formally or informally, to sell Class A shares at net asset value or provide any other incentive with respect to such redemption and sale. Class A shares of the Fund may also be sold at net asset value where the amount invested represents redemption proceeds from the MFS Fixed Fund. In addition, Class A shares may be sold at their net asset value in connection with the acquisition or liquidation of the assets of other investment companies or personal holding companies. Insurance company separate accounts may purchase Class A shares of the Fund at their net asset value. Class A shares of the Fund may be purchased at net asset value by retirement plans whose third party administrators have entered into an administrative services agreement with MFD or one or more of its affiliates to perform certain administrative services, subject to certain operational requirements specified from time to time by MFD or one or more of its affiliates. Class A shares of the Fund may be purchased at net asset value through certain broker-dealers and other financial institutions which have entered into an agreement with MFD which includes a requirement that such shares be sold for the benefit of clients participating in a "wrap account" or a similar program under which such clients pay a fee to such broker-dealer or other financial institution.

Class A shares of the Fund may be purchased at net asset value by certain retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended, subject to the following:

- (i) The sponsoring organization must demonstrate to the satisfaction of MFD that either (a) the employer has at least 25 employees or (b) the aggregate purchases by the retirement plan of Class A shares of the MFS Funds will be in an amount of at least \$250,000 within a reasonable period of time, as determined by MFD in its sole discretion; and
- (ii) a CDSC of 1% will be imposed on such purchases in the event of certain redemption transactions within 12 months following such purchases.

Dealers who initiate and are responsible for purchases of Class A shares of the Fund in this manner will be paid a commission by MFD, as follows: 1.00% on sales up to \$5 million, plus 0.25% on the amount in excess of \$5 million; provided, however, that MFD may pay a commission, on sales in excess of \$5 million to certain retirement plans, of 1.00% to certain dealers which, at MFD's invitation, enter into an agreement with MFD in which the dealer agrees to return any commission paid to it on the sale (or on a pro rata portion thereof) if the shareholder redeems his or her shares within a period of time after purchase as specified by MFD. Purchases of \$1 million or more for each shareholder account will be aggregated over a 12-month period (commencing from the date of the first such purchase) for purposes of determining the level of commissions to be paid during that period with respect to such account. Class A shares of the Fund may be sold at net asset value through the automatic reinvestment of Class A and Class B periodic distributions which constitute required withdrawals from qualified retirement plans. Furthermore, Class A shares of the Fund may be sold at net asset value through the automatic reinvestment of distributions of dividends and capital gains of other MFS Funds pursuant to the Distribution Investment Program (see "Shareholder Services" in the Statement of Additional Information).

CLASS B SHARES: Class B shares are offered at net asset value without an initial sales charge but subject to a CDSC as a percentage of the lesser of the original purchase price or redemption proceeds as follows:

YEAR OF
REDEMPTION

CONTINGENT
DEFERRED SALES

| AFTER PURCHASE | CHARGE |
|-----------------------------|--------|
| First | 4% |
| Second | 4% |
| Third | 3% |
| Fourth | 3% |
| Fifth | 2% |
| Sixth | 1% |
| Seventh and following | 0% |

For Class B shares purchased prior to January 1, 1993, the Fund imposes a CDSC as a percentage of the lesser of the original purchase price or redemption proceeds as follows:

| YEAR OF REDEMPTION AFTER PURCHASE | CONTINGENT DEFERRED SALES CHARGE |
|-----------------------------------|----------------------------------|
| First | 6% |
| Second | 5% |
| Third | 4% |
| Fourth | 3% |
| Fifth | 2% |
| Sixth | 1% |
| Seventh and following | 0% |

No CDSC is paid upon an exchange of shares. For purposes of calculating the CDSC upon redemption of shares acquired in an exchange, the purchase of shares acquired in one or more exchanges is deemed to have occurred at the time of the original purchase of the exchanged shares. See "Redemptions and Repurchases -- Contingent Deferred Sales Charge" for further discussion of the CDSC.

WAIVER OF CDSC. The CDSC on Class B shares will be waived upon the death or disability (as defined in section 72(m)(7)) of the Code of any investor, provided the account is registered (i) in the case of a deceased individual, solely in the deceased individual's name, (ii) in the case of a disabled individual, solely or jointly in the disabled individual's name or (iii) in the name of a living trust for the benefit of the deceased or disabled individual. The CDSC on Class B shares will also be waived in the case of redemptions of shares of the Fund pursuant to a systematic withdrawal plan. In addition, the CDSC on Class B shares will be waived in the case of distributions from an IRA, SAR-SEP or any other retirement plan qualified under section 401(a), 401(k) or 403(b) of the Code, due to death or disability, or in the case of required minimum distributions from any such retirement plan due to attainment of age 70 1/2. The CDSC on Class B shares will be waived in the case of distributions from a retirement plan qualified under section 401(a) of the Code (a "Retirement Plan") due to (i) returns of excess contribution to the plan, (ii) retirement of a participant in the plan, (iii) a loan from the plan (repayments of loans, however, will constitute new sales for purposes of assessing the CDSC), (iv) "financial hardship" of the participant in the plan, as that term is defined in Treasury Regulation Section 1.401(k)-1(d)(2), as amended from time to time, and (v) termination of employment of the participant in the plan (excluding, however, a partial or other termination of the plan). The CDSC on Class B shares of the Fund will also be waived upon redemptions by: (i) officers of the Trust, (ii) any of the subsidiary companies of Sun Life, (iii) eligible Directors, officers, employees (including retired and former employees) and agents of MFS, Sun Life or any of their subsidiary companies, (iv) any trust, pension, profit-sharing or any other benefit plan for such persons, (v) any trustees and retired trustees of any investment company for which MFD serves as distributor or principal underwriter, and (vi) certain family members of such individuals and their spouses, provided in each case that the shares will not be resold except to the Fund. The CDSC on Class B shares will also be waived in the case of redemptions by any employee or registered representative of any dealer which has a dealer agreement with MFD, by certain family members of any such employee or representative and his or her spouse, by any trust, pension, profit-sharing or other retirement plan for the sole benefit of such employee or representative, and by clients of MFS Asset Management, Inc. A Retirement Plan that has invested its assets in Class B shares of one or more of the MFS Funds for more than 10 years from the later to occur of (i) January 1, 1993 or (ii) the date the Retirement Plan first invests its assets in Class B shares of one or more of the funds in the MFS Funds, will have the CDSC on Class B shares waived in the case of a redemption of all the Retirement Plan's shares (including any Class A shares) in all MFS Funds (i.e., all the assets of the Retirement Plan invested in the MFS Funds are withdrawn), except that if, immediately prior to the redemption, the aggregate amount invested by the Retirement Plan in Class B shares of the MFS Funds (excluding the reinvestment of distributions) during the prior four year period equals 50% or more of the total value of the Retirement Plan's assets in the MFS Funds, then the CDSC will not be waived. The CDSC on Class B shares will be waived upon redemption by a Retirement Plan where the redemption proceeds are used to pay expenses of the

Retirement Plan or certain expenses of participants under the Retirement Plan (e.g., participant account fees), provided that the Retirement Plan's sponsor subscribes to the MFS Fundamental 401(k) Plan(sm) or another similar recordkeeping system made available by the Shareholder Servicing Agent. The CDSC on Class B shares will be waived upon the transfer of registration from shares held by a Retirement Plan through a single account maintained by the Shareholder Servicing Agent to multiple Class B share accounts maintained by the Shareholder Servicing Agent on behalf of individual participants in the Retirement Plan, provided that the Retirement Plan's sponsor subscribes to the MFS Fundamental 401(k) Plan(sm) or another similar recordkeeping system made available by the Shareholder Servicing Agent. The CDSC on Class B shares may also be waived in connection with the acquisition or liquidation of the assets of other investment companies or personal holding companies.

CONVERSION OF CLASS B SHARES. Class B shares of the Fund that remain outstanding for approximately eight years will convert to Class A shares of the Fund. Shares purchased through the reinvestment of distributions paid in respect of Class B shares will be treated as Class B shares for purposes of the payment of the distribution and service fees under the Distribution Plan applicable to Class B shares. However, for purposes of conversion to Class A shares, all shares in a shareholder's account that were purchased through the reinvestment of dividends and distributions paid in respect of Class B shares (and which have not converted to Class A shares as provided in the following sentence) will be held in a separate sub-account. Each time any Class B shares in the shareholder's account (other than those in the sub-account) convert to Class A shares, a portion of the Class B shares then in the sub-account will also convert to Class A shares. The portion will be determined by the ratio that the shareholder's Class B shares not acquired through reinvestment of dividends and distributions that are converting to Class A shares bear to the shareholder's total Class B shares not acquired through reinvestment. The conversion of Class B shares to Class A shares is subject to the continuing availability of a ruling from the Internal Revenue Service or an opinion of counsel that such conversion will not constitute a taxable event for federal tax purposes. There can be no assurance that such ruling or opinion will be available, and the conversion of Class B shares to Class A shares will not occur if such ruling or opinion is not available. In such event, Class B shares would continue to be subject to higher expenses than Class A shares for an indefinite period.

CLASS C SHARES: Class C shares are offered at net asset value without an initial sales charge or a CDSC. Class C shares do not convert to any other class of shares of the Fund. The maximum investment in Class C shares that may be made is \$5,000,000 per transaction.

Class C shares are not currently available for purchase by any retirement plan qualified under section 401(a) or 403(b) of the Code if the retirement plan and/or the sponsoring organization subscribe to the MFS FUNDamental 401(k) Plan or another similar 401(a) or 403(b) recordkeeping program made available by MFS Service Center, Inc.

GENERAL: Except as described below, the minimum initial investment is \$1,000 per account and the minimum additional investment is \$50 per account. Accounts being established for monthly automatic investments and under payroll savings programs and tax-deferred retirement programs (other than IRAs) involving the submission of investments by means of group remittance statements are subject to a \$50 minimum on initial and additional investments per account. The minimum initial investment for IRAs is \$250 per account and the minimum additional investment is \$50 per account. Accounts being established for participation in the Automatic Exchange Plan are subject to a \$50 minimum on initial and additional investments per account. There are also other limited exceptions to these minimums for certain tax-deferred retirement programs. Any minimums may be changed at any time at the discretion of MFD. The Fund reserves the right to cease offering its shares at any time.

Although all MFS Funds are generally available as an investment choice for tax-deferred retirement programs such as an IRA, municipal bond funds, such as the Fund, may not be suitable for inclusion in such programs due to their tax-exempt nature. A shareholder should consult his or her financial or tax adviser regarding any such investment. Any minimums may be changed at any time at the discretion of MFD. The Fund reserves the right to cease offering its shares for sale at any time.

For shareholders who elect to participate in certain investment programs (e.g., the automatic investment plan) or other shareholder services, MFD or its affiliates may either (i) give a gift of nominal value, such as a hand-held calculator, or (ii) make a nominal charitable contribution on their behalf.

A shareholder whose shares are held in the name of, or controlled by, an investment dealer, might not receive many of the privileges and services from the Fund (such as Right of Accumulation, Letter of Intent and certain recordkeeping services) that the Fund ordinarily provides.

Purchases and exchanges should be made for investment purposes only. The Fund and MFD each reserve the right to reject any specific purchase order or to restrict purchases by a particular purchaser (or group of related purchasers). The Fund or MFD may reject or restrict any purchases by a particular purchaser

or group, for example, when such purchase is contrary to the best interests of the Fund's other shareholders or otherwise would disrupt the management of the Fund.

MFD may enter into an agreement with shareholders who intend to make exchanges among certain classes of certain MFS Funds (as determined by MFD) which follow a timing pattern, and with individuals or entities acting on such shareholders' behalf (collectively, "market timers"), setting forth the terms, procedures and restrictions with respect to such exchanges. In the absence of such an agreement, it is the policy of the Fund and MFD to reject or restrict purchases by market timers if (i) more than two exchange purchases are effected in a timed account in the same calendar quarter or (ii) a purchase would result in shares being held in timed accounts by market timers representing more than (x) one percent of the Fund's net assets or (y) specified dollar amounts in the case of certain MFS Funds which may include the Fund and which may change from time to time. The Fund and MFD each reserve the right to request market timers to redeem their shares at net asset value, less any applicable CDSC, if either of these restrictions is violated.

Securities dealers and other financial institutions may receive different compensation with respect to sales of Class A, Class B and Class C shares. From time to time, MFD may pay dealers 100% of the applicable sales charge on sales of Class A shares of certain specified MFS Funds sold by such dealer during a specified sales period. In addition, MFD or its affiliates may, from time to time, pay dealers an additional commission equal to 0.50% of the net asset value of all of the Class B shares of certain specified MFS Funds sold by such dealer during a specified sales period. In addition, from time to time MFD, at its expense, may provide additional commissions, compensation or promotional incentives ("concessions") to dealers which sell shares of the Fund. The staff of the SEC has indicated that dealers who receive more than 90% of the sales charge may be considered underwriters. Such concessions provided by MFD may include financial assistance to dealers in connection with preapproved conferences or seminars, sales or training programs for invited registered representatives, payment for travel expenses, including lodging, incurred by registered representatives and members of their families or other invited guests to various locations for such seminars or training programs, seminars for the public, advertising and sales campaigns regarding one or more MFS Funds, and/or other dealer-sponsored events. In some instances, these concessions may be offered to dealers or only to certain dealers who have sold or may sell, during specified periods, certain minimum amounts of shares of the Fund. From time to time, MFD may make expense reimbursements for special training of a dealer's registered representatives in group meetings or to help pay the expenses of sales contests. In some instances, promotional incentives to dealers may be offered only to certain dealers who have sold or may sell significant amounts of Fund shares. Other concessions may be offered to the extent not prohibited by the laws of any state or any self-regulatory agency, such as the NASD.

The Glass-Steagall Act prohibits national banks from engaging in the business of underwriting, selling or distributing securities. Although the scope of the prohibition has not been clearly defined, MFD believes that such Act should not preclude banks from entering into agency agreements with MFD (as described above). If, however, a bank were prohibited from so acting, the Trustees would consider what actions, if any, would be necessary to continue to provide efficient and effective shareholder services. It is not expected that shareholders would suffer any adverse financial consequence as a result of these occurrences. In addition, state securities laws on this issue may differ from the interpretation of federal law expressed herein, and banks and financial institutions may be required to register as broker-dealers pursuant to state law.

EXCHANGES

Subject to the requirements set forth below, some or all of the shares in an account with the Fund for which payment has been received by the Fund (i.e., an established account) may be exchanged for shares of the same class of any of the other MFS Funds (if available for sale) at net asset value. In addition, Class C shares may be exchanged for shares of the MFS Money Market Fund at net asset value. Shares of one class may not be exchanged for shares of any other class. Exchanges will be made only after instructions in writing or by telephone (an "Exchange Request") are received for an established account by the Shareholder Servicing Agent in proper form (i.e., if in writing -- signed by the record owner(s) exactly as the shares are registered; if by telephone -- proper account identification is given by the dealer or shareholder of record) and each exchange must involve either shares having an aggregate value of at least \$1,000 (\$50 in the case of retirement plan participants whose sponsoring organizations subscribe to the MFS FUNDamental 401(k) Plan or another similar 401(k) recordkeeping system made available by MFS Service Center, Inc.) or all the shares in the account. If the Exchange Request is received by the Shareholder Servicing Agent on any business day prior to the close of regular trading on the Exchange, the exchange usually will occur on that day if all the requirements set forth above have been complied with at that time. No more than five exchanges may be made in any one Exchange Request by telephone. Additional information concerning this exchange privilege and prospectuses for any of the other MFS Funds may be obtained from investment dealers or the Shareholder Servicing Agent. A shareholder should read the prospectus of the other MFS Fund and consider the differences in objectives and policies before making any

exchange. For federal and (generally) state income tax purposes, an exchange is treated as a sale of the shares exchanged and, therefore, an exchange could result in a gain or loss to the shareholder making the exchange. Exchanges by telephone are automatically available to most non-retirement plan accounts and certain retirement plan accounts. For further information regarding exchanges by telephone see "Redemptions By Telephone" below. The exchange privilege (or any aspect of it) may be changed or discontinued and is subject to certain limitations, including certain restrictions on purchases by market timers. Special procedures, privileges and restrictions with respect to exchanges may apply to market timers who enter into an agreement with MFD, as set forth in such agreement (see "Purchases").

REDEMPTIONS AND REPURCHASES

A shareholder may withdraw all or any portion of the amount in his account on any date on which the Fund is open for business by redeeming shares at their net asset value or by selling such shares to the Fund through a dealer (a repurchase). Since the net asset value of shares of the account fluctuate, redemptions or repurchases, which are taxable transactions, are likely to result in gains or losses to the shareholder. When a shareholder withdraws an amount from his account, the shareholder is deemed to have tendered for redemption a sufficient number of full and fractional shares in his account to cover the amount withdrawn. The proceeds of a redemption or repurchase will normally be available within seven days, except for shares purchased, or received in exchange for shares purchased, by check (including certified checks or cashier's checks); payment of redemption proceeds may be delayed for 15 days from the purchase date in an effort to assure that such check has cleared. Payment of redemption proceeds may be delayed for up to seven days if the Fund determines that such a delay would be in the best interest of all its shareholders.

A. REDEMPTION BY MAIL -- Each shareholder has the right to redeem all or any portion of the shares in his account by mailing or delivering to the Shareholder Servicing Agent (see back cover for address) a stock power with a written request for redemption, or a letter of instruction, together with his share certificates (if any were issued), all in "good order" for transfer. "Good order" generally means that the stock power, written request for redemption, letter of instructions or certificate must be endorsed by the record owner(s) exactly as the shares are registered and the signature(s) must be guaranteed in the manner set forth below under the caption "Signature Guarantee". In addition, in some cases, "good order" will require the furnishing of additional documents. The Shareholder Servicing Agent may make certain de minimis exceptions to the above requirements for redemption. Within seven days after receipt of a redemption request by the Shareholder Servicing Agent in "good order," the Fund will make payment in cash of the net asset value of the shares next determined after such redemption request was received, reduced by the amount of any applicable CDSC described above and the amount of any income tax required to be withheld, except during any period in which the right of redemption is suspended or date of payment is postponed because the Exchange is closed or trading on the Exchange is restricted or to the extent otherwise permitted by the 1940 Act if an emergency exists.

B. REDEMPTION BY TELEPHONE -- Each shareholder may redeem an amount from his account by telephoning the Shareholder Servicing Agent toll-free at (800) 225-2606. Shareholders wishing to avail themselves of this telephone redemption privilege must so elect on their Account Application, designate thereon a commercial bank and account number to receive the proceeds of such redemption, and sign the Account Application Form with the signature(s) guaranteed in the manner set forth below under the caption "Signature Guarantee". The proceeds of such a redemption, reduced by the amount of any applicable CDSC described above and the amount of any income tax required to be withheld, are mailed by check to the designated account, without charge. As a special service, investors may arrange to have proceeds in excess of \$1,000 wired in federal funds to the designated account. If a telephone redemption request is received by the Shareholder Servicing Agent by the close of regular trading on the Exchange on any business day, shares will be redeemed at the closing net asset value of the Fund on that day. Subject to the conditions described in this section, proceeds of a redemption are normally mailed or wired on the next business day following the date of receipt of the order for redemption. The Shareholder Servicing Agent will not be responsible for any losses resulting from unauthorized telephone transactions if it follows reasonable procedures designed to verify the identity of the caller. The Shareholder Servicing Agent will request personal or other information from the caller, and will normally also record calls. Shareholders should verify the accuracy of confirmation statements immediately after their receipt.

C. REPURCHASE THROUGH A DEALER -- If a shareholder desires to sell his shares at net asset value through his securities dealer (a repurchase), the shareholder can place a repurchase order with his dealer, who may charge the shareholder a fee. IF THE DEALER RECEIVES THE SHAREHOLDER'S ORDER PRIOR TO THE CLOSE OF REGULAR TRADING ON THE EXCHANGE AND COMMUNICATES IT TO MFD ON THE SAME DAY BEFORE MFD CLOSES FOR BUSINESS, THE SHAREHOLDER WILL RECEIVE THE NET ASSET VALUE CALCULATED ON THAT DAY.

D. REDEMPTION BY CHECK -- Only Class A and Class C shares may be redeemed by

check. A shareholder owning Class A or Class C shares of the Fund may elect to have a special account with State Street Bank and Trust Company (the "Bank") for the purpose of redeeming Class A or Class C shares from his or her account by check. The Bank will provide each Class A and Class C shareholder, upon request, with forms of checks drawn on the Bank. Only shareholders having accounts in which no share certificates have been issued will be permitted to redeem shares by check. Checks may be made payable in any amount not less than \$500. Shareholders wishing to avail themselves of this redemption by check privilege should so request on their Account Application, must execute signature cards (for additional information, see the Account Application) with signature guaranteed in the manner set forth under the caption "Signature Guarantee" below, and must return any Class A and/or Class C share certificates issued to them. Additional documentation will be required from corporations, partnerships, fiduciaries or other such institutional investors. All checks must be signed by the shareholder(s) of record exactly as the account is registered before the Bank will honor them. The shareholders of joint accounts may authorize each shareholder to redeem by check. The check may not draw on monthly dividends which have been declared but not distributed. SHAREHOLDERS WHO PURCHASE CLASS A OR CLASS C SHARES BY CHECK (INCLUDING CERTIFIED CHECKS OR CASHIER'S CHECKS) MAY WRITE CHECKS AGAINST THOSE SHARES ONLY AFTER THEY HAVE BEEN ON THE FUND'S BOOKS FOR 15 DAYS. WHEN SUCH A CHECK IS PRESENTED TO THE BANK FOR PAYMENT, A SUFFICIENT NUMBER OF FULL AND FRACTIONAL SHARES WILL BE REDEEMED TO COVER THE AMOUNT OF THE CHECK, ANY APPLICABLE CDSC (IN THE CASE OF CLASS A SHARES) AND THE AMOUNT OF ANY INCOME TAX REQUIRED TO BE WITHHELD. IF THE AMOUNT OF THE CHECK PLUS ANY APPLICABLE CDSC AND THE AMOUNT OF ANY INCOME TAX REQUIRED TO BE WITHHELD IS GREATER THAN THE VALUE OF THE CLASS A OR CLASS C SHARES HELD IN THE SHAREHOLDER'S ACCOUNT, THE CHECK WILL BE RETURNED UNPAID, AND THE SHAREHOLDER MAY BE SUBJECT TO EXTRA CHARGES. TO AVOID DISHONOR OF CHECKS DUE TO FLUCTUATION IN ACCOUNT VALUE, SHAREHOLDERS ARE ADVISED AGAINST REDEEMING ALL OR MOST OF THEIR ACCOUNT BY CHECK. Checks should not be used to close a Fund account because when the check is written, the shareholder will not know the exact total value of the account on the day the check clears. There is presently no charge to the shareholder for the maintenance of this special account or for the clearance of any checks, but the Fund and the Bank reserve the right to impose such charges or to modify or terminate the redemption by check privilege at any time.

SIGNATURE GUARANTEE: In order to protect shareholders against fraud to the greatest extent possible, the Fund requires in certain instances as indicated above that the shareholder's signature be guaranteed. In these cases the shareholder's signature must be guaranteed by an eligible bank, broker, dealer, credit union, national securities exchange, registered securities association, clearing agency or savings association. Signature guarantees shall be accepted in accordance with policies established by the Shareholder Servicing Agent.

GENERAL: Shareholders of the Fund who have redeemed their shares have a one-time right to reinvest the redemption proceeds in the same class of shares of any of the MFS Funds (if shares of such fund are available for sale) at net asset value (with a credit for any CDSC paid) within 90 days of the redemption pursuant to the Reinstatement Privilege. If the shares credited for any CDSC paid are then redeemed within six years of the initial purchase in the case of Class B shares, or within 12 months of the initial purchase for certain Class A share purchases, a CDSC will be imposed upon redemption. Such purchases under the Reinstatement Privilege are subject to all limitations in the Statement of Additional Information regarding this privilege.

Subject to the Fund's compliance with applicable regulations, the Fund has reserved the right to pay the redemption or repurchase price of shares of the Fund, either totally or partially, by a distribution in kind of securities (instead of cash) from the Fund's portfolio. The securities so distributed would be valued at the same amount as that assigned to them in calculating the net asset value for the shares being sold. If a shareholder received a distribution in kind, the shareholder could incur brokerage or transaction charges in converting the securities to cash.

Due to the relatively high cost of maintaining small accounts, the Fund reserves the right to redeem shares in any account for their then-current value (which will be promptly paid to the shareholder) if at any time the total investment in such account drops below \$500 because of redemptions, except in the case of accounts established for monthly automatic investments and certain payroll savings programs, Automatic Exchange Plan accounts and tax-deferred retirement plans, for which there is a lower minimum investment requirement (see "Purchases"). Shareholders will be notified that the value of their account is less than the minimum investment requirement and allowed 60 days to make an additional investment before the redemption is processed. No CDSC will be imposed with respect to such involuntary redemptions.

CONTINGENT DEFERRED SALES CHARGE -- Investments ("Direct Purchases") in Class A and Class B shares will be subject to a CDSC for a period of 12 months (in the case of purchases of \$1 million or more of Class A shares) or six years (in the case of purchases of Class B shares). Purchases of Class A shares made during a calendar month, regardless of when during the month the investment occurred, will age one month on the last day of the month and each subsequent month. Class B shares purchased on or after January 1, 1993 will be aggregated on a calendar month basis -- all transactions made during a calendar month, regardless of when during the month they have occurred, will age one year at the close of business

on the last day of such month in the following calendar year and each subsequent year. For Class B shares of the Fund purchased prior to January 1, 1993, transactions will be aggregated on a calendar year basis -- all transactions made during a calendar year, regardless of when during the year they have occurred, will age one year at the close of business on December 31 of that year and each subsequent year. At the time of a redemption, the amount by which the value of a shareholder's account for a particular class represented by Direct Purchases exceeds the sum of the six calendar year aggregations (12 months in the case of purchases of \$1 million or more of Class A shares) of Direct Purchases may be redeemed without charge ("Free Amount"). Moreover, no CDSC is ever assessed on additional shares acquired through the automatic reinvestment of dividends or capital gain distributions ("Reinvested Shares").

Therefore, at the time of redemption of shares of a particular class, (i) any Free Amount is not subject to the CDSC, and (ii) the amount of redemption equal to the then-current value of Reinvested Shares is not subject to the CDSC, but (iii) any amount of the redemption in excess of the aggregate of the then-current value of Reinvested Shares and the Free Amount is subject to a CDSC. The CDSC will first be applied against the amount of Direct Purchases made which will result in any such charge being imposed at the lowest possible rate. The CDSC to be imposed upon redemptions will be calculated as set forth in "Purchases" above.

The applicability of a CDSC will be unaffected by exchanges or transfers of registration, except that, with respect to transfers of registration to an IRA rollover account, the CDSC will be waived if the shares being reregistered would have been eligible for a CDSC waiver had they been redeemed.

DISTRIBUTION PLANS

The Trustees have adopted separate distribution plans for Class A, Class B and Class C shares pursuant to Section 12(b) of the 1940 Act and Rule 12b-1 thereunder (the "Rule"), after having concluded that there is a reasonable likelihood that the plans would benefit the Fund and its shareholders.

CLASS A DISTRIBUTION PLAN. The Class A Distribution Plan provides that the Fund will pay MFD a distribution/service fee aggregating up to (but not necessarily all of) 0.35% per annum of the average daily net assets attributable to Class A shares in order that MFD may pay expenses on behalf of the Fund related to the distribution and servicing of Class A shares. The expenses to be paid by MFD on behalf of the Fund include a service fee to securities dealers which enter into a sales agreement with MFD of up to 0.25% per annum of the Fund's average daily net assets attributable to Class A shares that are owned by investors for whom such securities dealer is the holder or dealer of record. This fee is intended to be partial consideration for all personal services and/or account maintenance services rendered by the dealer with respect to Class A shares. MFD may from time to time reduce the amount of the service fee paid for shares sold prior to a certain date. MFD will also retain a distribution fee of 0.10% per annum of the Fund's average daily net assets attributable to Class A shares as partial consideration for services performed and expenses incurred in the performance of MFD's obligations under its distribution agreement with the Trust. MFD, however, is currently waiving this 0.10% per annum distribution fee, but may terminate this waiver and commence receiving this fee at any time in its discretion without notice to shareholders. In addition, to the extent that the aggregate of the foregoing fees does not exceed 0.35% per annum of the average daily net assets of the Fund attributable to Class A shares, the Fund is permitted to pay other distribution-related expenses, including commissions to dealers and payments to wholesalers employed by MFD for sales at or above a certain dollar level. Fees payable under the Class A Distribution Plan are charged to, and therefore reduce, income allocated to Class A shares. Service fees may be reduced for a securities dealer that is the holder or dealer of record for an investor who owns shares of the Fund having a net asset value at or above a certain dollar level. Dealers may from time to time be required to meet certain criteria in order to receive service fees. MFD or its affiliates are entitled to retain all service fees payable under the Class A Distribution Plan for which there is no dealer of record or for which qualification standards have not been met as partial consideration for personal services and/or account maintenance services performed by MFD or its affiliates for shareholder accounts. Certain banks and other financial institutions that have agency agreements with MFD will receive service fees that are the same as service fees to dealers.

CLASS B DISTRIBUTION PLAN. The Class B Distribution Plan provides that the Fund will pay MFD a daily distribution fee equal on an annual basis to 0.75% of the Fund's average daily net assets attributable to Class B shares and may pay MFD a service fee of up to 0.25% per annum of the Fund's average daily net assets attributable to Class B shares (which MFD will in turn pay to securities dealers which enter into a sales agreement with MFD at a rate of up to 0.25% per annum of the Fund's average daily net assets attributable to Class B shares owned by investors for whom such securities dealer is the holder or dealer of record). This service fee is intended to be additional consideration for all personal services and/or account maintenance services rendered by the dealer with respect to Class B shares. Fees payable under the Class B Distribution Plan are charged to, and therefore reduce, income allocated to Class B shares. The Class B Distribution Plan also provides that MFD will receive all CDSCs relating

to Class B shares (see "Redemptions and Repurchases"), which do not reduce the distribution fee. MFD will pay commissions to dealers of 3.75% of the purchase price of shares purchased through dealers. MFD will also advance to dealers the first year service fee at a rate equal to 0.25% of the purchase price of such shares and as compensation therefor, MFD may retain the service fee paid by the Fund with respect to such shares for the first year after purchase. Therefore, the total amount paid to a dealer upon the sale of shares is 4.00% of the purchase price of the shares (commission rate of 3.75% plus a service fee equal to 0.25% of the purchase price). Dealers will become eligible for additional service fees with respect to such shares commencing in the 13th month following the purchase. Dealers may from time to time be required to meet certain criteria in order to receive service fees. MFD or its affiliates are entitled to retain all service fees payable under the Class B Distribution Plan with respect to accounts for which there is no dealer of record or for which qualification standards have not been met as partial consideration for personal services and/or account maintenance services performed by MFD or its affiliates for shareholder accounts. The purpose of the distribution payments to MFD under the Class B Distribution Plan is to compensate MFD for its distribution services to the Fund. Since MFD's compensation is not directly tied to its expenses, the amount of compensation received by MFD during any year may be more or less than its actual expenses. For this reason, this type of distribution fee arrangement is characterized by the staff of the SEC as being of the "compensation" variety. However, the Fund is not liable for any expenses incurred by MFD in excess of the amount of compensation it receives. The expenses incurred by MFD, including commissions to dealers, are likely to be greater than the distribution fees for the next several years, but thereafter such expenses may be less than the amount of the distribution fees. Certain banks and other financial institutions that have agency agreements with MFD will receive agency transaction and service fees that are the same as commissions and service fees to dealers.

CLASS C DISTRIBUTION PLAN. The Class C Distribution Plan provides that the Fund will pay MFD a distribution fee of up to 0.75% per annum of the Fund's average daily net assets attributable to Class C shares and will pay MFD a service fee of up to 0.25% per annum of the Fund's average daily net assets attributable to Class C shares (which MFD in turn pays to securities dealers which enter into a sales agreement with MFD at a rate of up to 0.25% per annum of the Fund's daily net assets attributable to Class C Shares owned by investors for whom that securities dealer is the holder or dealer of record). The distribution/service fees attributable to Class C shares are designed to permit an investor to purchase such shares through a broker-dealer without the assessment of an initial sales charge or a CDSC while allowing MFD to compensate broker-dealers in connection with the sale of such shares.

The service fee is intended to be additional consideration for all personal services and/or account maintenance services rendered with respect to Class C shares. MFD or its affiliates are entitled to retain all service fees payable under the Class C Distribution Plan with respect to accounts for which there is no dealer of record as partial consideration for personal services and/or account maintenance services performed by MFD or its affiliates for shareholder accounts. The purpose of the distribution payments to MFD under the Class C Distribution Plan is to compensate MFD for its distribution services to the Fund. Distribution payments under the Plan will be used by MFD to pay securities dealers a distribution fee in an amount equal on an annual basis to 0.75% of the Fund's average daily net assets attributable to Class C shares owned by investors for whom that securities dealer is the holder or dealer of record. (Therefore, the total amount of distribution/service fees paid to a dealer on an annual basis is 1.00% of the Fund's average daily net assets attributable to Class C shares owned by investors for whom the securities dealer is the holder or dealer of record.) MFD also pays expenses of printing prospectuses and reports used for sales purposes, expenses with respect to the preparation and printing of sales literature and other distribution-related expenses, including, without limitation, the compensation of personnel and all costs of travel, office expense and equipment. Since MFD's compensation is not directly tied to its expenses, the amount of compensation received by MFD during any year may be more or less than its actual expenses. For this reason, this type of distribution fee arrangement is characterized by the staff of the SEC as being of the "compensation" variety. However, the Fund is not liable for any expenses incurred by MFD in excess of the amount of compensation it receives. Certain banks and other financial institutions that have agency agreements with MFD will receive agency transaction and service fees that are the same as distribution and service fees to dealers. Fees payable under the Class C Distribution Plan are charged to, and therefore reduce, income allocated to Class C shares.

DISTRIBUTIONS

The Fund intends to declare daily and pay to its shareholders substantially all of its net investment income as dividends on a monthly basis. Dividends generally are distributed on the first business day of the following month. The Fund may make one or more distributions during the calendar year to its shareholders from long-term capital gains and may also make one or more distributions during the calendar year to its shareholders from short-term capital gains. Shareholders may elect to receive dividends and capital gain distributions in either cash or additional shares of the same class with respect to which a distribution is paid. See "Tax Status" and "Shareholder Services -- Distribution Options" below. Shareholders may elect to receive dividends and capital gain distributions in either cash or additional shares of the same class with respect to which a distribution is made. Distributions paid by the Fund

with respect to Class A shares will generally be greater than those paid with respect to Class B and Class C shares because expenses attributable to Class B and Class C shares will generally be higher.

TAX STATUS

The Fund is treated as an entity separate from the other series of the Trust for federal income tax purposes. In order to minimize the taxes the Fund would otherwise be required to pay, the Fund intends to qualify each year as a "regulated investment company" under Subchapter M of the Code, and to make distributions to its shareholders in accordance with the timing requirements imposed by the Code. It is expected that the Fund will not be required to pay entity level federal income or excise taxes.

The Fund expects that the dividends paid to shareholders from interest on Municipal Obligations will be exempt from federal income tax because the Fund intends to satisfy certain requirements of the Code. One such requirement is that at the close of each quarter of its taxable year, at least 50% of the value of the Fund's total assets consist of obligations whose interest is exempt from federal income tax. Distributions of income from capital gains, from investments in taxable securities, and from certain other transactions (including options and futures transactions) will be taxable to the shareholders, whether distributed in cash or in additional shares. Also, certain Fund distributions may be subject to state and local income taxes, depending on the nature of the distribution and the residence of the shareholder. Residents of certain states may be subject to an intangibles tax or a personal property tax on all or a portion of the value of their Fund shares. Investors should consult with their tax advisers in this regard.

Interest on indebtedness incurred by shareholders to purchase or carry shares of the Fund will not be deductible for federal income tax purposes. Exempt-interest dividends are taken into account in calculating the amount of social security and railroad retirement benefits that may be subject to federal income tax. Certain distributions of exempt-interest dividends may also be a tax preference item for purposes of the federal individual and corporate alternative minimum tax. All exempt-interest dividends may increase a corporate shareholder's alternative minimum tax liability. Entities or persons who are "substantial users" (or persons related to "substantial users") of the facilities financed by certain private activity bonds should consult their tax advisers before purchasing shares of the Fund.

Shortly after the end of each calendar year, each shareholder will be sent a statement setting forth the federal income tax status of all dividends and distributions for that calendar year, including the portion, if any, taxable as ordinary income, the portion, if any, taxable as long-term capital gain, the portion, if any, representing a return of capital (which is free of current taxes but results in a basis reduction), the portion exempt from federal income taxes as "exempt-interest dividends," the portion, if any, that is a tax preference item under the federal alternative minimum tax, and the amount, if any, of federal income tax withheld.

Fund distributions of net capital gains and net short-term capital gains will reduce the Fund's net asset value per share. Shareholders who buy shares shortly before the Fund makes a distribution of net capital gains or net short-term capital gains may thus pay the full price for the shares and then effectively receive a portion of the purchase price back as a taxable distribution.

The Fund intends to withhold U.S. federal income tax at a rate of 30% on taxable dividends and certain other payments that are subject to such withholding and that are made to persons who are neither citizens nor residents of the U.S., regardless of whether a lower rate may be permitted under an applicable treaty. The Fund is also required in certain circumstances to apply backup withholding at a rate of 31% on taxable dividends and redemption proceeds paid to any shareholder (including a shareholder who is neither a citizen nor a resident of the U.S.) who does not furnish to the Fund certain information and certifications or who is otherwise subject to backup withholding. However, backup withholding will not be applied to payments which have been subject to 30% withholding. Prospective shareholders should read the Account Application for information regarding backup withholding of federal income tax and should consult their own tax advisers as to the tax consequences of an investment in the Fund.

NET ASSET VALUE

The net asset value per share of each class of shares of the Fund is determined each day during which the Exchange is open for trading. This determination is made once each such day as of the close of regular trading on the Exchange by deducting the amount of the liabilities attributable to the class from the value of the Fund's assets attributable to the class and dividing the difference by the number of shares of the class outstanding. Assets in the Fund's portfolio are valued on the basis of their current values or otherwise at their fair values, as described in the Statement of Additional Information. The net asset value of each class of shares is effective for orders received by the dealer prior to its calculation and received by MFD prior to the close of that business day.

DESCRIPTION OF SHARES, VOTING RIGHTS AND LIABILITIES

The Fund has three classes of shares, entitled Class A, Class B and Class C Shares of Beneficial Interest (without par value). The Trust presently has 19 series of shares and has reserved the right to create and issue additional classes and series of shares, in which case each class of shares of a series would participate equally in the earnings, dividends and assets attributable to that class of shares of that particular series. Shareholders are entitled to one vote for each share held and shares of each series would be entitled to vote separately to approve investment advisory agreements or changes in investment restrictions, but shares of all series would vote together in the election of Trustees and selection of accountants. Additionally, each class of shares of a series will vote separately on any material increases in the fees under its Distribution Plan or on any other matter that affects solely its class of shares, but will otherwise vote together with all other classes of shares of the series on all other matters. The Trust does not intend to hold annual shareholder meetings. The Declaration of Trust provides that a Trustee may be removed from office in certain instances (see "Description of Shares, Voting Rights and Liabilities" in the Statement of Additional Information).

Each share of a class of the Fund represents an equal proportionate interest in that Fund with each other class share, subject to the liabilities of that class. Shares have no pre-emptive or conversion rights (except as set forth above in "Purchases -- Conversion of Class B Shares"). Shares are fully paid and non-assessable. Should the Fund be liquidated, shareholders of each class are entitled to share pro rata in the net assets attributable to that class available for distribution to shareholders. Shares will remain on deposit with the Shareholder Servicing Agent and certificates will not be issued except in connection with pledges and assignments and in certain other limited circumstances.

The Trust is an entity of the type commonly known as a "Massachusetts business trust." Under Massachusetts law, shareholders of such a business trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance (e.g., fidelity bonding and errors and omissions insurance) existed and the Trust itself was unable to meet its obligations.

PERFORMANCE INFORMATION

From time to time, the Fund will provide yield, tax-equivalent yield, current distribution rate and total rate of return quotations for each class of shares and may also quote fund rankings in the relevant fund category from various sources, such as the Lipper Analytical Services, Inc. and Wiesenberger Investment Companies Service. Any yield and tax-equivalent yield quotations are based on the annualized net investment income per share of each class over a 30-day period stated as a percent of the maximum public offering price on the last day of that period. The yield calculation for Class B shares assumes no CDSC is paid. The current distribution rate for each class is generally based upon the total amount of dividends per share paid by the Fund to shareholders of that class during the past 12 months and is computed by dividing the amount of such dividends by the maximum public offering price of that class at the end of such period. Current distribution rate calculations for Class B shares assume no CDSC is paid. The current distribution rate differs from the yield calculation because it may include distributions to shareholders from sources other than dividends and interest, such as premium income from option writing, short-term capital gains, and return of invested capital, and is calculated over a different period of time. Total rate of return quotations reflect the average annual percentage change over stated periods in the value of an investment in a class of shares of the Fund made at the maximum public offering price of the shares of that class with all distributions reinvested and which, if quoted for periods of six years or less, will give effect to the imposition of the CDSC assessed upon redemptions of the Fund's Class B shares. Such total rate of return quotations may be accompanied by quotations which do not reflect the reduction in value of the initial investment (and reinvested dividends for periods prior to October 1, 1989) due to the sales charge or the deduction of a CDSC, and which will thus be higher. All performance quotations are based on historical performance and are not intended to indicate future performance. Yield and tax-equivalent yield reflect only net portfolio income allocable to a class as of a stated time and current distribution rate reflects only the rate of distributions paid by the Fund over a stated period of time, while total rate of return reflects all components of investment return over a stated period of time. The Fund's quotations may from time to time be used in advertisements, shareholder reports or other communications to shareholders. For a discussion of the manner in which the Fund will calculate its yield, tax-equivalent yield, current distribution rate and total rate of return, see the Statement of Additional Information. For further information about the Fund's performance for the fiscal year ended March 31, 1995, please see the Fund's Annual Report. A copy of the Annual Report may be obtained by contacting the Shareholder Servicing Agent (see back cover for address and phone number). In addition to information provided in shareholder reports, the Fund may, in its discretion, from time to time, make a list of all or a portion of its holdings available to investors upon request.

8. SHAREHOLDER SERVICES

Shareholders with questions concerning the shareholder services described below or concerning other aspects of the Fund should contact the Shareholder Servicing Agent (see back cover for address and phone number).

ACCOUNT AND CONFIRMATION STATEMENTS -- Each shareholder will receive confirmation statements showing the transaction activity in his account. At the end of each calendar year, each shareholder will receive information regarding the tax status of reportable dividends and distributions for that year (see "Tax Status").

DISTRIBUTION OPTIONS -- The following options are available to all accounts (except Systematic Withdrawal Plan accounts described below) and may be changed as often as desired by notifying the Shareholder Servicing Agent:

- Dividends and capital gain distributions reinvested in additional shares. This option will be assigned if no other option is specified;
- Dividends in cash; capital gain distributions reinvested in additional shares;
- Dividends and capital gain distributions in cash.

Reinvestments (net of any tax withholding) will be made in additional full and fractional shares of the same class of shares at the net asset value in effect at the close of business on the last business day of the month. Dividends and capital gain distributions in amounts less than \$10 will automatically be reinvested in additional shares of the Fund. If a shareholder has elected to receive dividends and/or capital gain distributions in cash and the postal or other delivery service is unable to deliver checks to the shareholder's address of record, such shareholder's distribution option will automatically be converted to having all dividends and other distributions reinvested in additional shares. Any request to change a distribution option must be received by the Shareholder Servicing Agent in a sufficient amount of time before the payment date for a dividend or distribution in order to be effective for that dividend or distribution. No interest will accrue on amounts represented by uncashed distribution or redemption checks.

INVESTMENT AND WITHDRAWAL PROGRAMS -- For the convenience of shareholders, the Fund makes available the following programs designed to enable shareholders to add to their investment in an account with the Fund or withdraw from it with a minimum of paper work. The programs involve no extra charge to shareholders (other than a sales charge in the case of certain Class A share purchases) and may be changed or discontinued at any time by a shareholder or the Fund.

LETTER OF INTENT: If a shareholder (other than a group purchaser as described in the Statement of Additional Information) anticipates purchasing \$100,000 or more of Class A shares of the Fund alone or in combination with Class B or Class C shares of the Fund or any of the classes of other MFS Funds or MFS Fixed Fund (a bank collective investment fund) within a 13-month period (or 36-month period for purchases of \$1 million or more), the shareholder may obtain such shares at the same reduced sales charge as though the total quantity were invested in one lump sum, subject to escrow agreements and the appointment of an attorney for redemptions from the escrow amount if the intended purchases are not completed, by completing the Letter of Intent section of the Account Application.

RIGHT OF ACCUMULATION: A shareholder qualifies for cumulative quantity discounts on purchases of Class A shares when his new investment, together with the current offering price value of all holdings of any classes of shares of that shareholder in the MFS Funds or MFS Fixed Fund (a bank collective investment fund) reaches a discount level.

DISTRIBUTION INVESTMENT PROGRAM: Shares of a particular class of the Fund may be sold at net asset value (and without any applicable CDSC) through the automatic reinvestment of dividend and capital gain distributions from the same class of another MFS Fund. Furthermore, distributions made by the Fund may be automatically invested at net asset value (and without any applicable CDSC) in shares of the same class of another MFS Fund, if shares of such fund are available for sale.

SYSTEMATIC WITHDRAWAL PLAN: A shareholder may direct the Shareholder Servicing Agent to send him (or anyone he designates) regular periodic payments based upon the value of his account. Each payment under a Systematic Withdrawal Plan (a "SWP") must be at least \$100 except in certain limited circumstances. The aggregate withdrawals of Class B shares in any year pursuant to a SWP will not be subject to a CDSC and are generally limited to 10% of the value of the account at the time of the establishment of the SWP. The CDSC will not be waived in the case of SWP redemptions of Class A shares which are subject to a CDSC.

DOLLAR COST AVERAGING PROGRAMS --

AUTOMATIC INVESTMENT PLAN: Cash investments of \$50 or more may be made through a shareholder's checking account twice monthly, monthly or quarterly. Required forms are available from the Shareholder Servicing Agent or investment dealers.

AUTOMATIC EXCHANGE PLAN: Shareholders having account balances of at least \$5,000 in any MFS Fund may exchange their shares for the same class of shares of the other MFS Funds (and, in the case of Class C shares, for shares of MFS Money Market Fund) under the Automatic Exchange Plan. The Automatic Exchange Plan provides for automatic exchanges of funds from the shareholder's account in an MFS Fund for investment in the same class of shares of other MFS Funds selected by the shareholder. Under the Automatic Exchange Plan, exchanges of at least \$50 each may be made to up to four different funds. A shareholder should consider the objectives and policies of a fund and review its prospectus before electing to exchange money into such fund through the Automatic Exchange Plan. No transaction fee is imposed in connection with exchange transactions under the Automatic Exchange Plan. However, exchanges of shares of MFS Money Market Fund, MFS Government Money Market Fund and Class A shares of MFS Cash Reserve Fund will be subject to any applicable sales charge. For federal and (generally) state income tax purposes, an exchange is treated as a sale of the shares exchanged and, therefore, could result in a capital gain or loss to the shareholder making the exchange. See the Statement of Additional Information for further information concerning the Automatic Exchange Plan. Investors should consult their tax advisers for information regarding the potential capital gain and loss consequences of transactions under the Automatic Exchange Plan.

Because a dollar cost averaging program involves periodic purchases of shares regardless of fluctuating share offering prices, a shareholder should consider his financial ability to continue his purchases through periods of low price levels. Maintaining a dollar cost averaging program concurrently with a withdrawal program could be disadvantageous because of the sales charges included in share purchases in the case of Class A shares, and because of the assessment of the CDSC for certain share redemptions in the case of Class A shares.

TAX-DEFERRED RETIREMENT PLANS -- Except as noted under "Purchases--Class C Shares," shares of the Fund may be purchased by all types of tax-deferred retirement plans, including IRAs, SEP-IRA plans, 401(k) plans, 403(b) plans and other corporate pension and profit-sharing plans. Investors should consult with their tax advisers before establishing any of the tax-deferred retirement plans described above.

The Fund's Statement of Additional Information, dated August 1, 1995 contains more detailed information about the Trust and the Fund, including information related to (i) investment policies and restrictions, including the purchase and sale of options, Futures Contracts and Options on Futures Contracts, (ii) the Trustees, officers and investment adviser, (iii) portfolio trading, (iv) the Fund's shares, including rights and liabilities of shareholders, (v) tax status of dividends and distributions, (vi) the Class A, Class B and Class C Distribution Plans, (vii) the method used to calculate performance quotations and (viii) various services and privileges provided by the Fund for the benefit of its shareholders, including additional information with respect to the exchange privilege.

APPENDIX A

DESCRIPTION OF BOND RATINGS

The ratings of Moody's, S&P and Fitch represent their opinions as to the quality of various debt instruments. It should be emphasized, however, that ratings are not absolute standards of quality. Consequently, debt instruments with the same maturity, coupon and rating may have different yields while debt instruments of the same maturity and coupon with different ratings may have the same yield.

MOODY'S INVESTORS SERVICE, INC.

Aaa: Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa: Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or their may be other elements present which make the long-term risk appear somewhat larger than in Aaa securities.

A: Bonds which are rated A possess many favorable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa: Bonds which are rated Baa are considered as medium-grade obligations, (i.e., they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba: Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B: Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa: Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca: Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C: Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

ABSENCE OF RATING: Where no rating has been assigned or where a rating has been suspended or withdrawn, it may be for reasons unrelated to the quality of the issue.

Should no rating be assigned, the reason may be one of the following:

1. An application for rating was not received or accepted.
2. The issue or issuer belongs to a group of securities or companies that are not rated as a matter of policy.
3. There is a lack of essential data pertaining to the issue or issuer.
4. The issue was privately placed, in which case the rating is not published in Moody's publications.

Suspension or withdrawal may occur if new and material circumstances arise, the effects of which preclude satisfactory analysis; if there is no longer available reasonable up-to-date data to permit a judgment to be formed; if a bond is called for redemption; or for other reasons.

STANDARD & POOR'S RATINGS GROUP

AAA: Debt rated AAA has the highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.

AA: Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A: Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB: Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB: Debt rated BB has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could

lead to inadequate capacity to meet timely interest and principal payments. The BB rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BBB- rating.

B: Debt rated B has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The B rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BB or BB- rating.

CCC: Debt rated CCC has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal. The CCC rating category is also used for debt subordinated to senior debt that is assigned an actual or implied B or B- rating.

CC: The rating CC is typically applied to debt subordinated to senior debt that is assigned an actual or implied CCC rating.

C: The rating C is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC- debt rating. The C rating may be used to cover a situation where a bankruptcy petition has been filed, but debt service payments are continued.

CI: The rating CI is reserved for income bonds on which no interest is being paid.

D: Debt rated D is in payment default. The D rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grace period. The D rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

PLUS (+) OR MINUS (-): The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

NR: Indicates that no public rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular type of obligation as a matter of policy.

FITCH INVESTORS SERVICE, INC.

AAA: Bonds considered to be investment grade and of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA: Bonds considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated AAA. Because bonds rated in the AAA and AA categories are not significantly vulnerable to foreseeable future developments, short-term debt of these issuers is generally rated F-1+.

A: Bonds considered to be investment grade and of high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

BBB: Bonds considered to be investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds, and therefore impair timely payment. The likelihood that the ratings of these bonds will fall below investment grade is higher than for bonds with higher ratings.

BB: Bonds are considered speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes. However, business and financial alternatives can be identified which could assist the obligor in satisfying its debt service requirements.

B: Bonds are considered highly speculative. While bonds in this class are currently meeting debt service requirements, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety and the need for reasonable business and economic activity throughout the life of the issue.

CCC: Bonds have certain identifiable characteristics which, if not

remedied, may lead to default. The ability to meet obligations requires an advantageous business and economic environment.

CC: Bonds are minimally protected. Default in payment of interest and/or principal seems probable over time.

C: Bonds are in imminent default in payment of interest or principal.

PLUS (+) MINUS (-): Plus and minus signs are used with a rating symbol to indicate the relative position of a credit within the rating category. Plus and minus signs, however, are not used in the AAA category.

NR: Indicates that Fitch does not rate the specific issue.

CONDITIONAL: A conditional rating is premised on the successful completion of a project or the occurrence of a specific event.

SUSPENDED: A rating is suspended when Fitch deems the amount of information available from the issuer to be inadequate for rating purposes.

WITHDRAWN: A rating will be withdrawn when an issue matures or is called or refinanced, and, at Fitch's discretion, when an issuer fails to furnish proper and timely information.

FITCHALERT: Ratings are placed on FitchAlert to notify investors of an occurrence that is likely to result in a rating change and the likely direction of such change. These are designated as "Positive," indicating a potential upgrade, "Negative," for potential downgrade, or "Evolving," where ratings may be lowered. FitchAlert is relatively short-term, and should be resolved within 12 months.

APPENDIX B

DESCRIPTION OF OBLIGATIONS ISSUED OR GUARANTEED BY THE U.S. GOVERNMENT AND ITS AGENCIES, AUTHORITIES OR INSTRUMENTALITIES

U.S. GOVERNMENT OBLIGATIONS -- are issued by the U.S. Treasury and include bills, certificates of indebtedness, notes and bonds. Agencies and instrumentalities of the U.S. Government are established under the authority of an act of Congress and include, but are not limited to, the Tennessee Valley Authority, the Bank for Cooperatives, the Farmers Home Administration, Federal Home Loan Banks, Federal Intermediate Credit Banks and Federal Land Banks, as well as those listed below.

FEDERAL FARM CREDIT CONSOLIDATED SYSTEMWIDE NOTES AND BONDS -- are bonds issued by a cooperatively owned nationwide system of banks and associations supervised by the Farm Credit Administration. These bonds are not guaranteed by the U.S. Government.

MARITIME ADMINISTRATION BONDS -- are bonds issued by the Department of Transportation of the U.S. Government.

FHA DEBENTURES -- are debentures issued by the Federal Housing Administration of the U.S. Government and are fully and unconditionally guaranteed by the U.S. Government.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION ("GNMA") CERTIFICATES -- are mortgage-backed securities, with timely payment guaranteed by the full faith and credit of the U.S. Government, which represent a partial ownership interest in a pool of mortgage loans issued by lenders such as mortgage bankers, commercial banks and savings and loan associations. Each mortgage loan included in the pool is also insured or guaranteed by the Federal Housing Administration, the Veterans Administration or the Farmers Home Administration.

FEDERAL HOME LOAN MORTGAGE CORPORATION BONDS -- are bonds issued and guaranteed by the Federal Home Loan Mortgage Corporation and are not guaranteed by the U.S. Government.

FEDERAL HOME LOAN BANK BONDS -- are bonds issued by the Federal Home Loan Bank System and are not guaranteed by the U.S. Government.

FINANCING CORPORATION BONDS AND NOTES -- are bonds and notes issued and guaranteed by the Financing Corporation and are not guaranteed by the U.S. Government.

FEDERAL NATIONAL MORTGAGE ASSOCIATION BONDS -- are bonds issued and guaranteed by the Federal National Mortgage Association ("FNMA") and are not guaranteed by the U.S. Government.

RESOLUTION FUNDING CORPORATION BONDS AND NOTES -- are bonds and notes issued and guaranteed by the Resolution Funding Corporation and are not guaranteed by

the U.S. Government.

STUDENT LOAN MARKETING ASSOCIATION DEBENTURES -- are debentures backed by the Student Loan Marketing Association ("SLMA") and are not guaranteed by the U.S. Government.

TENNESSEE VALLEY AUTHORITY BONDS AND NOTES -- are bonds and notes issued and guaranteed by the Tennessee Valley Authority.

Some of the foregoing obligations, such as Treasury bills and GNMA pass-through certificates, are supported by the full faith and credit of the U.S. Government; others, such as securities of FNMA, by the right of the issuer to borrow from the U.S. Treasury; still others, such as bonds issued by SLMA, are supported only by the credit of the instrumentality. No assurance can be given that the U.S. Government will provide financial support to instrumentalities sponsored by the U.S. Government as it is not obligated by law, in certain instances, to do so.

Although this list includes a description of the primary types of U.S. Government agency, authorities or instrumentality obligations in which the Fund intends to invest, the Fund may invest in obligations of U.S. Government agencies or instrumentalities other than those listed above.

DESCRIPTION OF SHORT-TERM INVESTMENTS OTHER THAN U.S. GOVERNMENT OBLIGATIONS

CERTIFICATES OF DEPOSIT -- are certificates issued against funds deposited in a bank (including eligible foreign branches of U.S. banks), are for a definite period of time, earn a specified rate of return and are normally negotiable.

BANKERS' ACCEPTANCES -- are marketable short-term credit instruments used to finance the import, export, transfer or storage of goods. They are termed "accepted" when a bank guarantees their payment at maturity.

COMMERCIAL PAPER -- refers to promissory notes issued by corporations in order to finance their short-term credit needs.

CORPORATE OBLIGATIONS -- include bonds and notes issued by corporations in order to finance long-term credit needs.

A-1 AND P-1 COMMERCIAL PAPER RATINGS

DESCRIPTION OF S&P AND MOODY'S HIGHEST COMMERCIAL PAPER RATINGS:

The rating "A" is the highest commercial paper rating assigned by S&P, and issues so rated are regarded as having the greatest capacity for timely payment. Issues in the "A" category are delineated with the numbers 1, 2 and 3 to indicate the relative degree of safety. The A-1 designation indicates that the degree of safety regarding timely payment is either overwhelming or very strong. Those A-1 issues determined to possess overwhelming safety characteristics will be denoted with a plus (+) sign designation.

The rating P-1 is the highest commercial paper rating assigned by Moody's. Issuers rated P-1 have a superior ability for repayment. P-1 repayment capacity will normally be evidenced by the following characteristics: (1) leading market positions in well established industries; (2) high rates of return on funds employed; (3) conservative capitalization structure with moderate reliance on debt and ample asset protection; (4) broad margins in earnings coverage of fixed financial charges and high internal cash generation; and (5) well established access to a range of financial markets and assured sources of alternate liquidity.

APPENDIX C

TAXABLE EQUIVALENT YIELD TABLE (UNDER FEDERAL INCOME TAX LAW AND RATES FOR 1995)

The table below shows the approximate taxable bond yields which are equivalent to tax-exempt bond yields from 3% to 9% under federal income tax laws that apply to 1995. (Such yields may differ under the laws applicable to subsequent years.) Separate calculations, showing the applicable taxable income brackets, are provided for investors who file joint returns and for those investors who file individual returns.

While it is expected that a substantial portion of the interest income distributed to the Fund's shareholders will be exempt from federal income taxes, portions of such distributions from time to time may be subject to federal income taxes or a federal alternative minimum tax.

<TABLE>

<CAPTION>

| TAXABLE INCOME<F1> | | INCOME TAX BRACKET | | TAX-EXEMPT YIELD | | | | | |
|--------------------|---------------|--------------------|-------|------------------|-------|-------|-------|-------|-------|
| SINGLE | JOINT | | | 3.0% | 4.0% | 5.0% | 6.0% | 7.0% | 8.0% |
| ----- | ----- | | | ----- | ----- | ----- | ----- | ----- | ----- |
| 1995 | 1995 | | | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| \$ 0 - 23,350 | \$ 0 - 39,000 | 15.0% | 3.53% | 4.71% | 5.88% | 7.06% | 8.24% | 9.41% | |

| | | | | | | | | |
|---------------------|---------------------|-------|-------|-------|-------|-------|--------|--------|
| \$ 23,350 - 56,550 | \$ 39,000 - 94,250 | 28.0% | 4.17% | 5.56% | 6.94% | 8.33% | 9.72% | 11.11% |
| \$ 56,550 - 117,950 | \$ 94,250 - 143,600 | 31.0% | 4.35% | 5.80% | 7.25% | 8.70% | 10.14% | 11.59% |
| \$117,950 - 256,500 | \$143,600 - 256,500 | 36.0% | 4.69% | 6.25% | 7.81% | 9.38% | 10.94% | 12.50% |
| \$256,500 & Over | \$256,500 & Over | 39.6% | 4.97% | 6.62% | 8.28% | 9.93% | 11.59% | 13.25% |

<FN>
 <F1> Net amount subject to Federal personal income tax after deductions and exemptions.
 </TABLE>

APPENDIX D

MFS MUNICIPAL INCOME FUND
 PORTFOLIO COMPOSITION CHART
 FOR THE FISCAL YEAR ENDED MARCH 31, 1995

The table below shows the percentages of the Fund's assets at March 31, 1995, invested in bonds assigned to the various rating categories by S&P, Moody's (provided only for bonds not rated by S&P) and Fitch (provided only for bonds not rated by S&P or Moody's) and in unrated bonds determined by MFS to be of comparable quality.

<TABLE>
 <CAPTION>

| RATING | S&P | MOODY'S | FITCH | UNRATED BONDS OF COMPARABLE QUALITY | TOTAL |
|---------|--------|---------|-------|-------------------------------------|---------|
| ----- | --- | ----- | ---- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> | <C> |
| AAA/Aaa | 27.47% | -- | -- | 0.28% | 27.75% |
| AA/Aa | 18.02 | -- | -- | -- | 18.02 |
| A/A | 24.30 | -- | -- | -- | 24.30 |
| BBB/Baa | 7.84 | -- | -- | 1.52 | 9.36 |
| BB/Ba | 9.87 | -- | -- | 4.57 | 14.44 |
| B/B | -- | -- | -- | 5.16 | 5.16 |
| CCC/Caa | -- | -- | -- | 0.42 | 0.42 |
| CC/Ca | -- | -- | -- | -- | -- |
| C/C | -- | -- | -- | -- | -- |
| Default | -- | -- | -- | 0.55 | 0.55 |
| | ----- | | | ----- | ----- |
| Total: | 87.50% | -- | -- | 12.50% | 100.00% |

</TABLE>

The chart does not necessarily indicate what the composition the Fund's portfolio will be in subsequent years. Rather, the Fund's investment objective, policies and restrictions indicate the extent to which the Fund may purchase securities in the various categories.

[Logo] MFS (SM)
 THE FIRST NAME IN MUTUAL FUNDS

Investment Adviser
 Massachusetts Financial Services Company
 500 Boylston Street
 Boston, MA 02116
 (617) 954-5000

MFS (R) MUNICIPAL INCOME FUND

Distributor
 MFS Fund Distributors, Inc.
 500 Boylston Street
 Boston, MA 02116
 (617) 954-5000

PROSPECTUS
 August 1, 1995

Custodian and Dividend Disbursing Agent
 State Street Bank and Trust Company
 225 Franklin Street
 Boston, MA 02110

Shareholder Servicing Agent
 MFS Service Center, Inc.
 500 Boylston Street
 Boston, MA 02116
 Toll-free: (800) 225-2606

Mailing Address:
 P.O. Box 2281
 Boston, MA 02107-9906

Independent Accountants
 Deloitte & Touche LLP
 125 Summer Street
 Boston, MA 02116

[Logo] MFS (SM)
THE FIRST NAME IN MUTUAL FUNDS

MFS (R) MUNICIPAL INCOME FUND
500 Boylston Street
Boston, MA 02116

MM1-1 8/95/44.5M 02/204/302

[Logo: MFS (SM)]
THE FIRST NAME IN MUTUAL FUNDS

MFS (R) MUNICIPAL
INCOME FUND

STATEMENT OF
ADDITIONAL INFORMATION

(A member of the MFS Family of Funds (R))

August 1, 1995

| | Page |
|--|------|
| | ---- |
| 1. Definitions | 2 |
| 2. Investment Techniques | 2 |
| 3. Investment Restrictions | 8 |
| 4. Management of the Fund | 9 |
| Trustees | 9 |
| Officers | 10 |
| Investment Adviser | 10 |
| Custodian | 11 |
| Shareholder Servicing Agent | 11 |
| Distributor | 12 |
| 5. Portfolio Transactions and Brokerage Commissions | 12 |
| 6. Shareholder Services | 13 |
| Investment and Withdrawal Programs | 13 |
| Exchange Privilege | 15 |
| Tax-Deferred Retirement Plans | 16 |
| 7. Tax Status | 16 |
| 8. Determination of Net Asset Value; Performance Information | 17 |
| 9. Distribution Plans | 20 |
| 10. Description of Shares, Voting Rights and Liabilities | 22 |
| 11. Independent Accountants and Financial Statements | 22 |
| Appendix A | 23 |

MFS MUNICIPAL INCOME FUND
A Series of MFS Municipal Series Trust
500 Boylston Street, Boston, Massachusetts 02116
(617) 954-5000

This Statement of Additional Information sets forth information which may be of interest to investors but which is not necessarily included in the Fund's Prospectus, dated August 1, 1995. This Statement of Additional Information should be read in conjunction with the Prospectus, a copy of which may be obtained without charge by contacting the Shareholder Servicing Agent (see back cover for address and phone number).

THIS STATEMENT OF ADDITIONAL INFORMATION IS NOT A PROSPECTUS AND IS AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS ONLY IF PRECEDED OR ACCOMPANIED BY A CURRENT PROSPECTUS.

1. DEFINITIONS

"Fund" MFS (R) Municipal Income Fund, a series of MFS Municipal Series Trust (the "Trust"), a Massachusetts business trust. The Trust was previously known as "MFS Multi-State Municipal Bond Trust" until its name was changed to MFS Municipal Series Trust on August 27, 1993. On August 3, 1992, the Trust changed its name from "MFS Managed Multi-State Municipal Bond Trust." The Trust was known as "MFS Managed Multi-State Tax-Exempt Trust" until its name was changed effective August 12, 1988. The MFS Municipal Income Fund is the successor to MFS Lifetime Municipal Bond Fund, which was reorganized as a series of the Trust on September 7, 1993.

"MFS" or the "Adviser" Massachusetts Financial Services Company, a Delaware corporation.

"MFD" MFS Fund Distributors, Inc., a Delaware corporation.

2. INVESTMENT TECHNIQUES

The investment policies and techniques are described in the Prospectus. In addition, certain of the Fund's investment policies are described in greater detail below.

LENDING OF SECURITIES

The Fund may seek to increase its income by lending portfolio securities. Such loans will usually be made only to member banks of the Federal Reserve System and to member firms (and subsidiaries thereof) of the New York Stock Exchange (the "Exchange") and would be required to be secured continuously by collateral in cash, cash equivalents, or U.S. Government securities maintained on a current basis at an amount at least equal to the market value of the securities loaned. The Fund would have the right to call a loan and obtain the securities loaned at any time on customary industry settlement notice (which will usually not exceed five days). During the existence of a loan, the Fund would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and would also receive compensation based on investment of the collateral. The Fund would not, however, have the right to vote any securities having voting rights during the existence of the loan, but would call the loan in anticipation of an important vote to be taken among holders of the securities or of the giving or withholding of their consent on a material matter affecting the investment. As with other extensions of credit, there are risks of delay in recovery or even loss of rights in the collateral should the borrower fail financially. However, the loans would be made only to firms deemed by the Adviser to be of good standing, and when, in the judgment of the Adviser, the consideration which could be earned currently from securities loans of this type justifies the attendant risk. If the Adviser determines to make securities loans, it is not intended that the value of the securities loaned would exceed 20% of the value of the Fund's total assets.

WHEN-ISSUED SECURITIES

The Fund may purchase securities on a "when-issued" or on a "forward delivery" basis. It is expected that, under normal circumstances, the Fund will take delivery of such securities. When the Fund commits to purchase a security on a "when-issued" or on a "forward delivery" basis, it will set up procedures consistent with the General Statement of Policy of the Securities and Exchange Commission (the "SEC") concerning such purchases. Since that policy currently recommends that an amount of the Fund's assets equal to the amount of the purchase be held aside or segregated to be used to pay for the commitment, the Fund will always have cash, short-term money market instruments or high quality debt securities sufficient to cover any commitments or to limit any potential risk. However, although the Fund does not intend to make such purchases for speculative purposes and intends to adhere to the provisions of SEC policies, purchases of securities on such bases may involve more risk than other types of purchases. For example, the Fund may have to sell assets which have been set aside in order to meet redemptions. Also, if the Fund determines it is necessary to sell the "when-issued" or "forward delivery" securities before delivery, it may incur a loss because of market fluctuations since the time the commitment to purchase such securities was made. When the time comes to pay for "when-issued" or "forward delivery" securities, the Fund will meet its obligations from the then-available cash flow on the sale of securities, or, although it would not normally expect to do so, from the sale of the "when-issued" or "forward delivery" securities themselves (which may have a value greater or less than the Fund's payment obligation).

REPURCHASE AGREEMENTS

As described in the Prospectus, the Fund may enter into repurchase agreements with sellers who are member firms (or subsidiaries thereof) of the Exchange, members of the Federal Reserve System, recognized primary U.S. Government securities dealers or institutions which the Adviser has determined to be of comparable creditworthiness. The securities that the Fund purchases and holds through its agent are U.S. Government securities, the values, including accrued interest, of which are equal to or greater than the repurchase price agreed to be paid by the seller. The repurchase price may be higher than the purchase price, the difference being income to the Fund, or the purchase and repurchase prices may be the same, with interest at a standard rate due to the Fund together with the repurchase price on repurchase. In either case, the income to the Fund is unrelated to the interest rate on the U.S. Government securities.

The repurchase agreement provides that in the event the seller fails to pay the price agreed upon on the agreed upon delivery date or upon demand, as the case may be, the Fund will have the right to liquidate the securities. If at the time the Fund is contractually entitled to exercise its right to liquidate the securities, the seller is subject to a proceeding under the bankruptcy laws or its assets are otherwise subject to a stay order, the Fund's exercise of its right to liquidate the securities may be delayed and result in certain losses and costs to the Fund. The Fund has adopted and follows procedures which are intended to minimize the risks of repurchase agreements. For example, the Fund only enters into repurchase agreements after the Adviser has determined that the

seller is creditworthy, and the Adviser monitors the seller's creditworthiness on an ongoing basis. Moreover, under such agreements, the value, including accrued interest, of the securities (which are marked to market every business day) is required to be greater than the repurchase price, and the Fund has the right to make margin calls at any time if the value of the securities falls below the agreed upon margin.

VARIABLE AND FLOATING RATE OBLIGATIONS

Investments in floating or variable rate securities normally will involve industrial development or revenue bonds which provide that the rate of interest is set as a specific percentage of a designated base rate, such as rates on Treasury Bonds or Bills or the prime rate at a major commercial bank, and that a bondholder can demand payment of the obligations on short notice at par plus accrued interest, which amount may be more or less than the amount the bondholder paid for them. While there is usually no established secondary market for issues of this type of security, the dealer that sells an issue of such securities frequently will also offer to repurchase such securities at any time, at a repurchase price which varies and may be more or less than the amount the bondholder paid for them.

The maturity of floating or variable rate obligations (including participation interests therein) is deemed to be the longer of (i) the notice period required before the Fund is entitled to receive payment of the obligation upon demand or (ii) the period remaining until the obligation's next interest rate adjustment. If not redeemed by the Fund through the demand feature, the obligations mature on a specified date which may range up to 30 years from the date of issuance.

INVERSE FLOATING RATE OBLIGATIONS

The Fund may invest in so called "inverse floating rate obligations" or "residual interest" bonds or certificates structured to have similar features. In creating such an obligation, a municipality issues a certain amount of debt and pays a fixed interest rate. A portion of the debt is issued as variable rate short-term obligations, the interest rate of which is reset at short intervals, typically ranging from 35 days to one year. The other half of the debt is issued as inverse floating rate obligations, the interest rate of which is calculated based on the difference between the entire amount of interest paid by the issuer on all of the debt and the interest paid on the short-term obligation. Under usual circumstances, the holder of the inverse floating rate obligation can generally purchase an equal principal amount of the short-term obligation and link the two obligations in order to create long-term fixed-rate bonds. Because the interest rate on the inverse floating rate obligation is determined by subtracting the short-term rate from a fixed amount, the interest rate will decrease as the short-term rate increases and will increase as the short-term rate decreases. The magnitude of increases and decreases in the market value of inverse floating rate obligations may be approximately twice as large (or more if the inverse instrument is issued in principal amount greater than the principal amount of the short-term piece) as the comparable change in the market value of an equal principal amount of long-term bonds which bear interest at the rate paid by the issuer and have similar credit quality, redemption and maturity provisions.

INDEXED SECURITIES

The Fund may purchase securities whose prices are indexed to the prices of other securities, securities indices, currencies, precious metals or other commodities, or other financial indicators. Indexed securities typically, but not always, are debt securities or deposits whose value at maturity or coupon rate is determined by reference to a specific instrument or statistic. Gold-indexed securities, for example, typically provide for a maturity value that depends on the price of gold, resulting in a security whose price tends to rise and fall together with gold prices. Currency-indexed securities typically are short-term to intermediate-term debt securities whose maturity values or interest rates are determined by reference to the values of one or more specified foreign currencies, and may offer higher yields than U.S. dollar-denominated securities of equivalent issuers. Currency-indexed securities may be positively or negatively indexed; that is, their maturity value may increase when the specified currency value increases, resulting in a security that performs similarly to a foreign-denominated instrument, or their maturity value may decline when foreign currencies increase, resulting in a security whose price characteristics are similar to a put on the underlying currency. Currency-indexed securities may also have prices that depend on the values of a number of different foreign currencies relative to each other.

The performance of indexed securities depends to a great extent on the performance of the security, currency, or other instrument to which they are indexed, and may also be influenced by interest rate changes in the U.S. and abroad. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their values may decline substantially if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations, and certain U.S. government agencies.

OPTIONS

OPTIONS ON SECURITIES -- As noted in the Prospectus, the Fund may write covered call and put options and purchase call and put options on fixed income securities. Call and put options written by the Fund may be covered in the

manner set forth below.

A call option written by the Fund is "covered" if the Fund owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or for additional cash consideration held in a segregated account by its custodian) upon conversion or exchange of other securities held in its portfolio. A call option is also covered if the Fund holds a call on the same security and in the same principal amount as the call written where the exercise price of the call held (a) is equal to or less than the exercise price of the call written or (b) is greater than the exercise price of the call written if the difference is maintained by the Fund in cash, short-term money market instruments or high quality debt securities in a segregated account with its custodian. A put option written by the Fund is "covered" if the Fund maintains cash, short-term money market instruments or high quality debt securities with a value equal to the exercise price in a segregated account with its custodian, or else holds a put on the same security and in the same principal amount as the put written where the exercise price of the put held is equal to or greater than the exercise price of the put written or where the exercise price of the put held is less than the exercise price of the put written if the difference is maintained by the Fund in cash, short-term money market instruments or high quality debt securities in a segregated account with its custodian. Put and call options written by the Fund may also be covered in such other manner as may be in accordance with the requirements of the exchange on which, or the counter party with which, the option is traded, and applicable laws and regulations. If the writer's obligation is not so covered, it is subject to the risk of the full change in value of the underlying security from the time the option is written until exercise.

Effecting a closing transaction in the case of a written call option will permit the Fund to write another call option on the underlying security with either a different exercise price or expiration date or both, or in the case of a written put option will permit the Fund to write another put option to the extent that the exercise price thereof is secured by deposited cash, short-term money market instruments or high quality debt securities. Such transactions permit the Fund to generate additional premium income, which will partially offset declines in the value of portfolio securities or increases in the cost of securities to be acquired. Also, effecting a closing transaction will permit the cash or proceeds from the concurrent sale of any securities subject to the option to be used for other investments of the Fund, provided that another option on such security is not written. If the Fund desires to sell a particular security from its portfolio on which it has written a call option, it will effect a closing transaction in connection with the option prior to or concurrent with the sale of the security.

The Fund will realize a profit from a closing transaction if the premium paid in connection with the closing of an option written by the Fund is less than the premium received from writing the option, or if the premium received in connection with the closing of an option purchased by the Fund is more than the premium paid for the original purchase. Conversely, the Fund will suffer a loss if the premium paid or received in connection with a closing transaction is more or less, respectively, than the premium received or paid in establishing the option position. Because increases in the market price of a call option will generally reflect increases in the market price of the underlying security, any loss resulting from the repurchase of a call option previously written by the Fund is likely to be offset in whole or in part by appreciation of the underlying security owned by the Fund.

The Fund may write options in connection with buy-and-write transactions; that is, the Fund may purchase a security and then write a call option against that security. The exercise price of the call the Fund determines to write will depend upon the expected price movement of the underlying security. The exercise price of a call option may be below ("in-the-money"), equal to ("at-the-money") or above ("out-of-the-money") the current value of the underlying security at the time the option is written. Buy-and-write transactions using in-the-money call options may be used when it is expected that the price of the underlying security will decline moderately during the option period. Buy-and-write transactions using out-of-the-money call options may be used when it is expected that the premiums received from writing the call option plus the appreciation in the market price of the underlying security up to the exercise price will be greater than the appreciation in the price of the underlying security alone. If the call options are exercised in such transactions, the Fund's maximum gain will be the premium received by it for writing the option, adjusted upwards or downwards by the difference between the Fund's purchase price of the security and the exercise price, less related transaction costs. If the options are not exercised and the price of the underlying security declines, the amount of such decline will be offset in part, or entirely, by the premium received.

The writing of covered put options is similar in terms of risk/return characteristics to buy-and-write transactions. If the market price of the underlying security rises or otherwise is above the exercise price, the put option will expire worthless and the Fund's gain will be limited to the premium received, less related transaction costs. If the market price of the underlying security declines or otherwise is below the exercise price, the Fund may elect to close the position or retain the option until it is exercised, at which time

the Fund will be required to take delivery of the security at the exercise price; the Fund's return will be the premium received from the put option minus the amount by which the market price of the security is below the exercise price, which could result in a loss. Out-of-the-money, at-the-money and in-the-money put options may be used by the Fund in the same market environments that call options are used in equivalent buy-and-write transactions.

The Fund may also write combinations of put and call options on the same security, known as "straddles," with the same exercise price and expiration date. By writing a straddle, the Fund undertakes a simultaneous obligation to sell and purchase the same security in the event that one of the options is exercised. If the price of the security subsequently rises sufficiently above the exercise price to cover the amount of the premium and transaction costs, the call will likely be exercised and the Fund will be required to sell the underlying security at a below market price. This loss may be offset, however, in whole or part, by the premiums received on the writing of the two options. Conversely, if the price of the security declines by a sufficient amount, the put will likely be exercised. The writing of straddles will likely be effective, therefore, only where the price of the security remains stable and neither the call nor the put is exercised. In those instances where one of the options is exercised, the loss on the purchase or sale of the underlying security may exceed the amount of the premiums received.

By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. By writing a put option, the Fund assumes the risk that it may be required to purchase the underlying security for an exercise price above its then current market value, resulting in a capital loss unless the security subsequently appreciates in value. The writing of options on securities will not be undertaken by the Fund solely for hedging purposes, and could involve certain risks which are not present in the case of hedging transactions. Moreover, even where options are written for hedging purposes, such transactions constitute only a partial hedge against declines in the value of portfolio securities or against increases in the value of securities to be acquired, up to the amount of the premium.

The Fund may purchase options for hedging purposes or to increase its return. Put options may be purchased to hedge against a decline in the value of portfolio securities. If such decline occurs, the put options will permit the Fund to sell the securities at the exercise price, or to close out the options at a profit. By using put options in this way, the Fund will reduce any profit it might otherwise have realized in the underlying security by the amount of the premium paid for the put option and by transaction costs.

The Fund may purchase call options to hedge against an increase in the price of securities that the Fund anticipates purchasing in the future. If such increase occurs, the call option will permit the Fund to purchase the securities at the exercise price, or to close out the options at a profit. The premium paid for the call option plus any transaction costs will reduce the benefit, if any, realized by the Fund upon exercise of the option, and, unless the price of the underlying security rises sufficiently, the option may expire worthless to the Fund.

In certain instances, the Fund may enter into options on Treasury securities which provide for periodic adjustment of the strike price and may also provide for the periodic adjustment of the premium during the term of each such option. Like other types of options, these transactions, which may be referred to as "reset" options or "adjustable strike options," grant the purchaser the right to purchase (in the case of a "call") or sell (in the case of a "put") a specified type and series of U.S. Treasury security at any time up to a stated expiration date (or, in certain instances, on such date). In contrast to other types of options, however, the price at which the underlying security may be purchased or sold under a "reset" option is determined at various intervals during the term of the option, and such price fluctuates from interval to interval based on changes in the market value of the underlying security. As a result, the strike price of a "reset" option, at the time of exercise, may be less advantageous to the Fund than if the strike price had been fixed at the initiation of the option. In addition, the premium paid for the purchase of the option may be determined at the termination, rather than the initiation, of the option. If the premium is paid at termination, the Fund assumes the risk that (i) the premium may be less than the premium which would otherwise have been received at the initiation of the option because of such factors as the volatility in yield of the underlying Treasury security over the term of the option and adjustments made to the strike price of the option, and (ii) the option purchaser may default on its obligation to pay the premium at the termination of the option.

The Fund may also purchase warrants on fixed income securities. A warrant on a fixed income security is a long-term call option that provides the holder with the right, but not the obligation, to purchase from the seller of the warrant a fixed income security with a specified par value, coupon and maturity at a fixed exercise price on a specified date or between specified dates. Typically, the fixed income securities that are deliverable pursuant to the warrant will be noncallable securities. Warrants may be issued as entirely separate securities or they may be attached to, but subsequently detachable from, a fixed income security of the same issuer.

FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

FUTURES CONTRACTS -- As noted in the Prospectus, the Fund may enter into interest rate futures contracts on fixed income securities and indexes on such securities. (Unless otherwise specified, interest rate futures contracts are referred to as "Futures Contracts.") Such investment strategies will be used for hedging purposes and for non-hedging purposes, subject to applicable law.

A Futures Contract is a bilateral agreement providing for the purchase and sale of a specified type and amount of a financial instrument, or for the making and acceptance of a cash settlement, at a stated time in the future for a fixed price. By its terms, a Futures Contract in the majority of cases provides for a specified settlement date on which, in the case of interest rate futures contracts, the difference between the price at which the contract was entered into and the contract's closing value is settled between the purchaser and seller in cash. Futures Contracts differ from options in that they are bilateral agreements, with both the purchaser and the seller equally obligated to complete the transaction. Futures Contracts call for settlement only on the expiration date and cannot be "exercised" at any other time during their term.

The purchase or sale of a Futures Contract differs from the purchase or sale of a security or the purchase of an option in that no purchase price is paid or received. Instead, an amount of cash or cash equivalents, which varies but may be as low as 5% or less of the value of the contract, must be deposited with the broker as "initial margin." Subsequent payments to and from the broker, referred to as "variation margin," are made on a daily basis as the value of the index or instrument underlying the Futures Contract fluctuates, making positions in the Futures Contract more or less valuable - a process known as "marking to the market."

Interest rate futures contracts may be purchased or sold to attempt to protect against the effects of interest rate changes on the Fund's current or intended investments in fixed income securities. For example, if the Fund owned long-term bonds and interest rates were expected to increase, the Fund might enter into interest rate futures contracts for the sale of debt securities. Such a sale would have much the same effect as selling some of the long-term bonds in the Fund's portfolio. If interest rates did increase, the value of the debt securities in the portfolio would decline, but the value of the Fund's interest rate futures contracts would increase at approximately the same rate, thereby keeping the net asset value of the Fund from declining as much as it otherwise would have.

Similarly, if interest rates were expected to decline, interest rate futures contracts may be purchased to hedge in anticipation of subsequent purchases of long-term bonds at higher prices. Since the fluctuations in the value of the interest rate futures contracts should be similar to that of long-term bonds, the Fund could protect itself against the effects of the anticipated rise in the value of long-term bonds without actually buying them until the necessary cash became available or the market had stabilized. At that time, the interest rate futures contracts could be liquidated and the Fund's cash reserves could then be used to buy long-term bonds on the cash market. The Fund could accomplish similar results by selling bonds with long maturities and investing in bonds with short maturities when interest rates are expected to increase. However, since the futures market is more liquid than the cash market, the use of interest rate futures contracts as a hedging technique allows the Fund to hedge its interest rate risk without having to sell its portfolio securities.

OPTIONS ON FUTURES CONTRACTS -- As noted in the Prospectus, the Fund may purchase and write options to buy or sell futures contracts in which it may invest ("Options on Futures Contracts"). Such investment strategies will be used for hedging purposes and for non-hedging purposes, subject to applicable law.

An Option on a Futures Contract provides the holder with the right to enter into a "long" position in the underlying Futures Contract, in the case of a call option, or a "short" position in the underlying Futures Contract, in the case of a put option, at a fixed exercise price up to a stated expiration date or, in the case of certain options, on such date. Upon exercise of the option by the holder, the contract market clearinghouse establishes a corresponding short position for the writer of the option, in the case of a call option, or a corresponding long position in the case of a put option. In the event that an option is exercised, the parties will be subject to all the risks associated with the trading of Futures Contracts, such as payment of initial and variation margin deposits. In addition, the writer of an Option on a Futures Contract, unlike the holder, is subject to initial and variation margin requirements on the option position.

A position in an Option on a Futures Contract may be terminated by the purchaser or seller prior to expiration by effecting a closing purchase or sale transaction, subject to the availability of a liquid secondary market, which is the purchase or sale of an option of the same series (i.e., the same exercise price and expiration date) as the option previously purchased or sold. The difference between the premiums paid and received represents the trader's profit or loss on the transaction.

Options on Futures Contracts that are written or purchased by the Fund on U.S. exchanges are traded on the same contract market as the underlying Futures Contract, and, like Futures Contracts, are subject to regulation by the

Commodity Futures Trading Commission (the "CFTC") and the performance guarantee of the exchange clearinghouse. In addition, Options on Futures Contracts may be traded on foreign exchanges.

The Fund may cover the writing of call Options on Futures Contracts (a) through purchases of the underlying Futures Contract, (b) through ownership of the instrument underlying the Futures Contract, or (c) through the holding of a call on the same Futures Contract and in the same principal amount as the call written where the exercise price of the call held (i) is equal to or less than the exercise price of the call written or (ii) is greater than the exercise price of the call written if the difference is maintained by the Fund in cash or securities in a segregated account with its custodian. The Fund may cover the writing of put Options on Futures Contracts (a) through sales of the underlying Futures Contract, (b) through segregation of cash, short-term money market instruments or high quality debt securities in an amount equal to the value of the security underlying the Futures Contract, or (c) through the holding of a put on the same Futures Contract and in the same principal amount as the put written where the exercise price of the put held is equal to or greater than the exercise price of the put written or where the exercise price of the put held is less than the exercise price of the put written if the difference is maintained by the Fund in cash, short-term money market instruments or high quality debt securities in a segregated account with its custodian. Put and call Options on Futures Contracts may also be covered in such other manner as may be in accordance with the rules of the exchange on which the option is traded and applicable laws and regulations. Upon the exercise of a call Option on a Futures Contract written by the Fund, the Fund will be required to sell the underlying Futures Contract which, if the Fund has covered its obligation through the purchase of such Contract, will serve to liquidate its futures position. Similarly, where a put Option on a Futures Contract written by the Fund is exercised, the Fund will be required to purchase the underlying Futures Contract which, if the Fund has covered its obligation through the sale of such Contract, will close out its futures position.

The writing of a call option on a Futures Contract for hedging purposes constitutes a partial hedge against declining prices of the securities or other instruments required to be delivered under the terms of the Futures Contract. If the futures price at expiration of the option is below the exercise price, the Fund will retain the full amount of the option premium, less related transaction costs, which provides a partial hedge against any decline that may have occurred in the Fund's portfolio holdings. The writing of a put option on a Futures Contract constitutes a partial hedge against increasing prices of the securities or other instruments required to be delivered under the terms of the Futures Contract. If the futures price at expiration of the option is higher than the exercise price, the Fund will retain the full amount of the option premium which provides a partial hedge against any increase in the price of securities which the Fund intends to purchase. If a put or call option the Fund has written is exercised, the Fund will incur a loss which will be reduced by the amount of the premium it receives. Depending on the degree of correlation between changes in the value of its portfolio securities and the changes in the value of its futures positions, the Fund's losses from existing Options on Futures Contracts may to some extent be reduced or increased by changes in the value of portfolio securities.

The Fund may purchase Options on Futures Contracts for hedging purposes instead of purchasing or selling the underlying Futures Contracts. For example, where a decrease in the value of portfolio securities is anticipated as a result of a projected market-wide decline or changes in interest or exchange rates, the Fund could, in lieu of selling Futures Contracts, purchase put options thereon. In the event that such decrease occurs, it may be offset, in whole or part, by a profit on the option. Conversely, where it is projected that the value of securities to be acquired by the Fund will increase prior to acquisition, due to a market advance or changes in interest or exchange rates, the Fund could purchase call Options on Futures Contracts, rather than purchasing the underlying Futures Contracts.

RISK FACTORS IN OPTIONS AND FUTURES TRANSACTIONS

RISK OF IMPERFECT CORRELATION OF HEDGING INSTRUMENTS WITH THE FUND'S PORTFOLIO.
The Fund's ability effectively to hedge all or a portion of its portfolio through transactions in options, Futures Contracts and Options on Futures Contracts depends on the degree to which price movements in the underlying instrument correlate with price movements in the relevant portion of the Fund's portfolio. In the case of futures and options based on fixed income securities, the portfolio securities which are being hedged may not be the same type of obligation underlying such contract. As a result, the correlation probably will not be exact. Consequently, the Fund bears the risk that the price of the portfolio securities being hedged will not move in the same amount or direction as the underlying obligation. It is possible that there may be a negative correlation between the obligation underlying an option or Futures Contract in which the Fund has a position and the portfolio securities the Fund is attempting to hedge, which could result in a loss on both the portfolio and the hedging instrument.

The trading of Futures Contracts and options for hedging purposes entails the additional risk of imperfect correlation between movements in the futures or

option price and the price of the underlying obligation. The anticipated spread between the prices may be distorted due to the differences in the nature of the markets, such as differences in margin requirements, the liquidity of such markets and the participation of speculators in the options and futures. In this regard, trading by speculators in options and futures has in the past occasionally resulted in market distortions, which may be difficult or impossible to predict, particularly near the expiration of such contracts.

The trading of Options on Futures Contracts also entails the risk that changes in the value of the underlying Futures Contract will not be fully reflected in the value of the option. The risk of imperfect correlation, however, generally tends to diminish as the maturity date of the Futures Contract or expiration date of the option approaches.

Further, with respect to options on securities and Options on Futures Contracts, the Fund is subject to the risk of market movements between the time that the option is exercised and the time of performance thereunder. This could increase the extent of any loss suffered by the Fund in connection with such transactions.

In writing a covered call option on a security or Futures Contract, the Fund also incurs the risk that changes in the value of the instruments used to cover the position will not correlate closely with changes in the value of the option or underlying instrument. For example, where the Fund covers a call option written on a Futures Contract through segregation of securities, such securities may not match the instrument underlying the Futures Contract, and the Fund may not be fully covered. As a result, the Fund could be subject to risk of loss in the event of adverse market movements.

The writing of options on securities or Options on Futures Contracts constitutes only a partial hedge against fluctuations in the value of the Fund's portfolio. When the Fund writes an option, it will receive premium income in return for the holder's purchase of the right to acquire or dispose of the underlying obligation. In the event that the price of such obligation does not rise sufficiently above the exercise price of the option, in the case of a call, or fall below the exercise price, in the case of a put, the option will not be exercised and the Fund will retain the amount of the premium, less related transaction costs, which will constitute a partial hedge against any decline that may have occurred in the Fund's portfolio holdings or any increase in the cost of the instruments to be acquired.

Where the price of the underlying obligation moves sufficiently in favor of the holder to warrant exercise of the option, however, and the option is exercised, the Fund will incur a loss which may only be partially offset by the amount of the premium it received. Moreover, by writing an option, the Fund may be required to forgo the benefits which might otherwise have been obtained from an increase in the value of portfolio securities or other assets or a decline in the value of securities or assets to be acquired.

In the event of the occurrence of any of the foregoing adverse market events, the Fund's overall return may be lower than if it had not engaged in the hedging transactions.

It should also be noted that the Fund may enter transactions in Futures Contracts and Options on Futures Contracts not only for hedging purposes, but also for non-hedging purposes intended to increase portfolio returns. Non-hedging transactions in such investments involve greater risks and may result in losses which may not be offset by increases in the value of portfolio securities or declines in the cost of securities to be acquired. The Fund will only write covered options, such that cash or securities necessary to satisfy an option exercise will be segregated at all times, unless the option is covered in such other manner as may be in accordance with the rules of the exchange on which the option is traded and applicable laws and regulations. Nevertheless, the method of covering an option employed by the Fund may not fully protect it against risk of loss and, in any event, the Fund could suffer losses on the option position which might not be offset by corresponding portfolio gains.

With respect to the writing of straddles on securities, the Fund incurs the risk that the price of the underlying security will not remain stable, that one of the options written will be exercised and that the resulting loss will not be offset by the amount of the premiums received. Such transactions, therefore, create an opportunity for increased return by providing the Fund with two simultaneous premiums on the same security, but involve additional risk, since the Fund may have an option exercised against it regardless of whether the price of the security increases or decreases.

RISK OF A POTENTIAL LACK OF A LIQUID SECONDARY MARKET. Prior to exercise or expiration, a futures or option position can only be terminated by entering into a closing purchase or sale transaction. This requires a secondary market for such instruments on the exchange on which the initial transaction was entered into. While the Fund will enter into options or futures positions only if there appears to be a liquid secondary market therefor, there can be no assurance that such a market will exist for any particular contracts at any specific time. In that event, it may not be possible to close out a position held by the Fund, and

the Fund could be required to purchase or sell the instrument underlying an option, make or receive a cash settlement or meet ongoing variation margin requirements. Under such circumstances, if the Fund has insufficient cash available to meet margin requirements, it will be necessary to liquidate portfolio securities or other assets at a time when it is disadvantageous to do so. The inability to close out options and futures positions, therefore, could have an adverse impact on the Fund's ability effectively to hedge its portfolio, and could result in trading losses.

The liquidity of a secondary market in a Futures Contract or option thereon may be adversely affected by "daily price fluctuation limits," established by exchanges, which limit the amount of fluctuation in the price of a contract during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open futures or option positions and requiring traders to make additional margin deposits. Prices have in the past moved the daily limit on a number of consecutive trading days.

The trading of Futures Contracts and options is also subject to the risk of trading halts, suspensions, exchange or clearinghouse equipment failures, government intervention, insolvency of a brokerage firm or clearinghouse or other disruptions of normal trading activity, which could at times make it difficult or impossible to liquidate existing positions or to recover excess variation margin payments.

MARGIN. Because of low initial margin deposits made upon the opening of a futures or forward position and the writing of an option, such transactions involve substantial leverage. As a result, relatively small movements in the price of the contract can result in substantial unrealized gains or losses. Where the Fund enters into such transactions for hedging purposes, any losses incurred in connection therewith should, if the hedging strategy is successful, be offset, in whole or in part, by increases in the value of securities or other assets held by the Fund or decreases in the prices of securities or other assets the Fund intends to acquire. Where the Fund enters into such transactions for other than hedging purposes, the margin requirements associated with such transactions could expose the Fund to greater risk.

TRADING AND POSITION LIMITS. The exchanges on which futures and options are traded may impose limitations governing the maximum number of positions on the same side of the market and involving the same underlying instrument which may be held by a single investor, whether acting alone or in concert with others (regardless of whether such contracts are held on the same or different exchanges or held or written in one or more accounts or through one or more brokers). Further, the CFTC and the various contract markets have established limits referred to as "speculative position limits" on the maximum net long or net short position which any person may hold or control in a particular futures or option contract. An exchange may order the liquidation of positions found to be in violation of these limits and it may impose other sanctions or restrictions. The Adviser does not believe that these trading and position limits will have any adverse impact on the strategies for hedging the portfolio of the Fund.

RISKS OF OPTIONS ON FUTURES CONTRACTS. The amount of risk the Fund assumes when it purchases an Option on a Futures Contract is the premium paid for the option, plus related transaction costs. In order to profit from an option purchased, however, it may be necessary to exercise the option and to liquidate the underlying Futures Contract, subject to the risks of the availability of a liquid offset market described herein. The writer of an Option on a Futures Contract is subject to the risks of commodity futures trading, including the requirement of initial and variation margin payments, as well as the additional risk that movements in the price of the option may not correlate with movements in the price of the underlying security, index, currency or Futures Contract.

RISKS OF TRANSACTIONS NOT CONDUCTED ON U.S. EXCHANGES. Unlike transactions entered into by the Fund in Futures Contracts and exchange-traded options, over-the-counter options on securities are not traded on contract markets regulated by the CFTC or (with the exception of certain foreign currency options) the SEC. To the contrary, such instruments are traded through financial institutions acting as market-makers, although foreign currency options are also traded on certain national securities exchanges, such as the Philadelphia Stock Exchange and the Chicago Board Options Exchange, subject to SEC regulation. In an over-the-counter trading environment, many of the protections afforded to exchange participants will not be available. For example, there are no daily price fluctuation limits, and adverse market movements could therefore continue to an unlimited extent over a period of time. Although the purchaser of an option cannot lose more than the amount of the premium plus related transaction costs, this entire amount could be lost. Moreover, the option writer could lose amounts substantially in excess of their initial investments, due to the margin and collateral requirements associated with such positions.

In addition, over-the-counter transactions can only be entered into with a financial institution willing to take the opposite side, as principal, of the Fund's position unless the institution acts as broker and is able to find another counterparty willing to enter into the transaction with the Fund. Where no such counterparty is available, it will not be possible to enter into a desired transaction. There also may be no liquid secondary market in the trading

of over-the-counter contracts, and the Fund could be required to retain options purchased or written until exercise, expiration or maturity. This in turn could limit the Fund's ability to profit from open positions or to reduce losses experienced, and could result in greater losses.

Further, over-the-counter transactions are not subject to the guarantee of an exchange clearinghouse, and the Fund will therefore be subject to the risk of default by, or the bankruptcy of, the financial institution serving as its counterparty. One or more of such institutions also may decide to discontinue their role as market-makers in a particular currency or security, thereby restricting the Fund's ability to enter into desired hedging transactions. The Fund will enter into an over-the-counter transaction only with parties whose creditworthiness has been reviewed and found satisfactory by the Adviser.

POLICIES ON THE USE OF FUTURES AND OPTIONS ON FUTURES CONTRACTS. In order to assure that the Fund will not be deemed to be a "commodity pool" for purposes of the Commodity Exchange Act, regulations of the CFTC require that the Fund enter into transactions in Futures Contracts and Options on Futures Contracts only (i) for bona fide hedging purposes (as defined in CFTC regulations), or (ii) for non-hedging purposes, provided that the aggregate initial margin and premiums on such non-hedging positions does not exceed 5% of the liquidation value of the Fund's assets. In addition, the Fund must comply with the requirements of various state securities laws in connection with such transactions.

The Fund has adopted the additional restriction that it will not enter into a Futures Contract if, immediately thereafter, the value of securities and other obligations underlying all such Futures Contracts would exceed 50% of the value of the Fund's total assets. Moreover, the Fund will not purchase put and call options if as a result more than 5% of its total assets would be invested in such options.

When the Fund purchases a Futures Contract, an amount of cash or securities will be deposited in a segregated account with the Fund's custodian so that the amount so segregated will at all times equal the value of the Futures Contract, thereby insuring that the use of such futures is unleveraged.

The staff of the SEC has taken the position that purchased over-the-counter options and assets used to cover written over-the-counter options are illiquid and, therefore, together with other illiquid securities held by a Fund, cannot exceed 15% of the Fund's assets (the "SEC illiquidity ceiling"). Although the Adviser disagrees with this position, the Adviser intends to limit the Fund's writing of over-the-counter options in accordance with the following procedure. Except as provided below, the Fund intends to write over-the-counter options only with primary U.S. Government securities dealers recognized as such by the Federal Reserve Bank of New York. Also, the contracts the Fund has in place with such primary dealers provide that the Fund has the absolute right to repurchase an option it writes at any time at a price which represents the fair market value, as determined in good faith through negotiation between the parties, but which in no event will exceed a price determined pursuant to a formula in the contract. Although the specific formula may vary between contracts with different primary dealers, the formula generally is based on a multiple of the premium received by the Fund for writing the option, plus the amount, if any of the option's intrinsic value (i.e., the amount that the option is in-the-money). The formula may also include a factor to account for the difference between the price of the security and the strike price of the option if the option is written out-of-the-money. The Fund will treat all or a portion of the formula as illiquid for purposes of the SEC illiquidity ceiling test imposed by the SEC staff. The Fund may also write over-the-counter options with non-primary dealers, including foreign dealers (where applicable), and will treat the assets used to cover these options as illiquid for purposes of such SEC illiquidity ceiling test.

3. INVESTMENT RESTRICTIONS

The Fund has adopted the following restrictions which cannot be changed without the approval of the holders of a majority of the Fund's shares (which, as used in this Statement of Additional Information, means the lesser of (i) more than 50% of the outstanding shares of the Trust or a series or class, as applicable, or (ii) 67% or more of the outstanding shares of the Trust or a series or class, as applicable, present at a meeting if holders of more than 50% of the outstanding shares of the Trust or a series or class, as applicable, are represented in person or by proxy). Except for Investment Restriction (1), these investment restrictions and policies are adhered to at the time of purchase or utilization of assets; a subsequent change in circumstances will not be considered to result in a violation of policy.

The Fund may not:

- (1) Borrow money in an amount in excess of 33 1/3% of its total assets, and then only as a temporary measure for extraordinary or emergency purposes, or pledge, mortgage or hypothecate an amount of its assets (taken at market value) in excess of 15% of its total assets, in each case taken at the lower of cost or market value. For the purpose of this restriction, collateral arrangements with respect to options, Futures Contracts, Options on Futures Contracts, Forward Contracts and options on foreign currencies, and payments of initial and variation margin in connection therewith are not considered a pledge of assets.

(2) Underwrite securities issued by other persons except insofar as the Fund may technically be deemed an underwriter under the Securities Act of 1933 in selling a portfolio security.

(3) Invest more than 25% of its total assets (taken at market value) in any one industry; provided, however, that there is no limitation in respect to investments in obligations issued or guaranteed by the U.S. Government or its agencies or instrumentalities.

(4) Purchase or retain real estate (including limited partnership interests but excluding securities of companies, such as real estate investment trusts, which deal in real estate or interests therein and securities secured by real estate), or mineral leases, commodities or commodity contracts (except contracts for the future or forward delivery of securities or foreign currencies and related options, and except Futures Contracts and Options on Futures Contracts) in the ordinary course of its business. The Fund reserves the freedom of action to hold and to sell real estate or mineral leases, commodities or commodity contracts acquired as a result of the ownership of securities.

(5) Make loans to other persons except by the purchase of obligations in which the Fund is authorized to invest and by entering into repurchase agreements; provided that the Fund may lend its portfolio securities representing not in excess of 30% of its total assets (taken at market value). Not more than 10% of the Fund's total assets (taken at market value) will be subject to repurchase agreements maturing in more than seven days. For these purposes the purchase of all or a portion of an issue of debt securities shall not be considered the making of a loan.

(6) Purchase the securities of any issuer if such purchase, at the time thereof, would cause more than 5% of its total assets (taken at market value) to be invested in the securities of such issuer, other than securities issued or guaranteed by the United States, any state or political subdivision thereof, or any political subdivision of any such state, or any agency or instrumentality of the United States, any state or political subdivision thereof, or any political subdivision of any such state.

(7) Purchase securities of any issuer (other than securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities) if such purchase, at the time thereof, would cause the Fund to hold more than 10% of any class of securities of such issuer. For this purpose, all indebtedness of an issuer shall be deemed a single class and all preferred stock of an issuer shall be deemed a single class.

(8) Invest in companies for the purpose of exercising control or management.

(9) Purchase or retain in its portfolio any securities issued by an issuer any of whose officers, directors, trustees or security holders is an officer or Trustee of the Fund, or is a member, partner, officer or Director of the Adviser, if after the purchase of the securities of such issuer by the Fund one or more of such persons owns beneficially more than 1/2 of 1% of the shares or securities, or both, all taken at market value, of such issuer, and such persons owning more than 1/2 of 1% of such shares or securities together own beneficially more than 5% of such shares or securities, or both, all taken at market value.

(10) Purchase any securities or evidences of interest therein on margin, except that the Fund may obtain such short-term credit as may be necessary for the clearance of purchases and sales of securities and the Fund may make margin deposits in connection with Futures Contracts, Options on Futures Contracts, options, Forward Contracts or options on foreign currencies.

(11) Sell any security which the Fund does not own unless by virtue of its ownership of other securities it has at the time of sale a right to obtain securities without payment of further consideration equivalent in kind and amount to the securities sold and provided that if such right is conditional the sale is made upon equivalent conditions.

(12) Purchase securities issued by any other registered investment company or investment trust except by purchase in the open market where no commission or profit to a sponsor or dealer results from such purchase other than the customary broker's commission, or except when such purchase, though not made in the open market, is part of a plan of merger or consolidation; provided, however, that the Fund will not purchase such securities if such purchase at the time thereof would cause more than 10% of its total assets (taken at market value) to be invested in the securities of such issuers; and, provided further, that the Fund will not purchase securities issued by an open-end investment company.

(13) Write, purchase or sell any put or call option or any combination thereof, provided that this shall not prevent the Fund from writing, purchasing and selling puts, calls or combinations thereof with respect to securities and indexes of securities or foreign currencies or Futures Contracts; and further provided that this shall not prevent the Fund from purchasing, owning, holding or selling contracts for the future delivery of

fixed income securities.

(14) Issue any senior security (as that term is defined in the Investment Company Act of 1940 (the "1940 Act")), if such issuance is specifically prohibited by the 1940 Act or the rules and regulations promulgated thereunder. For the purpose of this restriction, collateral arrangements with respect to options, Futures Contracts and Options on Futures Contracts and collateral arrangements with respect to initial and variation margins are not deemed to be the issuance of a senior security.

As a non-fundamental policy, the Fund will not knowingly invest in securities which are subject to legal or contractual restrictions on resale (other than repurchase agreements), unless the Board of Trustees of the Trust has determined that such securities are liquid based upon trading markets for the specific security, if, as a result thereof, more than 15% of the Fund's net assets (taken at market value) would be so invested.

For the purposes of the Fund's investment restrictions, the issuer of a tax-exempt security is deemed to be the entity (public or private) ultimately responsible for the payment of the principal of and interest on the security.

OTHER OPERATING POLICY

In order to comply with certain state statutes, the Fund will not, as a matter of operating policy, pledge, mortgage or hypothecate its portfolio securities if the percentage of securities so pledged, mortgaged or hypothecated would exceed 33 1/3%.

This operating policy is not fundamental and may be changed without shareholder approval.

4. MANAGEMENT OF THE FUND

The Board of Trustees of the Trust provides broad supervision over the affairs of the Fund. The Adviser manages the portfolio of the Fund from day to day in accordance with the Fund's investment objective and policies. The officers of the Trust are responsible for the operations of the Fund. The Trustees and officers of the Trust are listed below, together with their principal occupations during the past five years. (Their titles may have varied during that period.) Asterisks indicate those Trustees and officers who are "interested persons" (as defined in the 1940 Act) of the Adviser. Unless otherwise indicated below, the address of each Trustee and officer is 500 Boylston Street, Boston, Massachusetts 02116.

TRUSTEES

A. KEITH BRODKIN*, Chairman and President
Massachusetts Financial Services Company, Chairman

RICHARD B. BAILEY*
Private Investor; Massachusetts Financial Services Company, former Chairman
(prior to September 30, 1991)

MARSHALL N. COHAN
Private Investor
Address: 2524 Bedford Mews Drive, Wellington, Florida

LAWRENCE H. COHN, M.D.,
Brigham and Women's Hospital, Chief of Cardiac Surgery; Harvard Medical
School, Professor of Surgery
Address: 75 Francis Street, Boston, Massachusetts

THE HON. SIR J. DAVID GIBBONS, KBE
Edmund Gibbons Limited, Chief Executive Officer; The Bank of N.T. Butterfield
& Son Ltd., Chairman
Address: 21 Reid Street, Hamilton, Bermuda

ABBY M. O'NEILL
Private Investor; Rockefeller Financial Services, Inc. (investment advisers),
Director
Address: 30 Rockefeller Plaza, Room 5600, New York, New York

WALTER E. ROBB, III
Benchmark Advisors, Inc. (corporate financial consultants), President and
Treasurer
Address: 110 Broad Street, Boston, Massachusetts

ARNOLD D. SCOTT*
Massachusetts Financial Services Company, Senior Executive Vice President and
Secretary

JEFFREY L. SHAMES*
Massachusetts Financial Services Company, President

J. DALE SHERRATT
Insight Resources, Inc. (acquisition planning specialists), President
Address: One Liberty Square, Boston, Massachusetts

WARD SMITH
NACCO Industries (holding company), Chairman (prior to June 1994); Sundstrand Corporation (diversified mechanical manufacturer), Director; Society Corporation (bank holding company), Director (prior to April 1992); Society National Bank (commercial bank), Director (prior to April 1992)
Address: 5875 Landerbrook Drive, Mayfield Heights, Ohio

OFFICERS

CYNTHIA M. BROWN*, Vice President
Massachusetts Financial Services Company, Senior Vice President

ROBERT A. DENNIS*, Vice President
Massachusetts Financial Services Company, Senior Vice President

DAVID R. KING*, Vice President
Massachusetts Financial Services Company, Vice President

GEOFFREY L. SHECHTER*, Vice President
Massachusetts Financial Services Company, Vice President (since June, 1993);
Liberty Mutual Insurance Company, Senior Investment Analyst (prior to June, 1993)

DAVID B. SMITH*, Vice President
Massachusetts Financial Services Company, Vice President

W. THOMAS LONDON*, Treasurer
Massachusetts Financial Services Company, Senior Vice President and Assistant Treasurer

STEPHEN E. CAVAN*, Secretary and Clerk
Massachusetts Financial Services Company, Senior Vice President, General Counsel and Assistant Secretary

JAMES O. YOST*, Assistant Treasurer
Massachusetts Financial Services Company, Vice President

JAMES R. BORDEWICK, JR.*, Assistant Secretary
Massachusetts Financial Services Company, Vice President and Associate General Counsel

- - - - -
*"Interested persons" (as defined in the 1940 Act) of the Adviser, whose address is 500 Boylston Street, Boston, Massachusetts 02116.

Each Trustee and officer holds comparable positions with certain affiliates of MFS or with certain other funds of which MFS or a subsidiary is the investment adviser or distributor. Mr. Brodtkin, the Chairman of MFD, Messrs. Shames and Scott, Directors of MFD, and Mr. Cavan, the Secretary of MFD, hold similar positions with certain other MFS affiliates. Mr. Bailey is a Director of Sun Life Assurance Company of Canada (U.S.) ("Sun Life of Canada (U.S.)"), the corporate parent of MFS.

The Fund pays the compensation of non-interested Trustees and Mr. Bailey (who currently receive a fee of \$1,250 per year plus \$225 per meeting and committee meeting attended, together with such Trustee's out-of-pocket expenses) and has adopted a retirement plan for non-interested Trustees and Mr. Bailey. Under this plan, a Trustee will retire upon reaching age 75 and if the Trustee has completed at least five years of service, he would be entitled to annual payments during his lifetime of up to 50% of such Trustee's average annual compensation (based on the three years prior to his retirement) depending on his length of service. A Trustee may also retire prior to age 75 and receive reduced payments if he has completed at least five years of service. Under the plan, a Trustee (or his beneficiaries) will also receive benefits for a period of time in the event the Trustee is disabled or dies. These benefits will also be based on the Trustee's average annual compensation and length of service. There is no retirement plan provided by the Trust for the interested Trustees except Mr. Bailey. The Fund will accrue its allocable share of compensation expenses each year to cover current years service and amortize past service cost.

Set forth in Appendix A hereto is certain information concerning the cash compensation paid to non-interested Trustees and Mr. Bailey and benefits accrued, and estimated benefits payable, under the retirement plan.

As of March 31, 1995, the Trustees and officers, as a group, owned less than 1% of the outstanding shares of the Fund. As of March 31, 1995, Merrill Lynch Pierce Fenner & Smith Inc., P.O. Box 45286, Jacksonville, FL owned 18.19%, 6.14%

and 17.54% of the outstanding Class A, Class B and Class C shares of the Fund, respectively, and Womack Construction Co., Inc., P.O. Box 1750, Cartersville, GA, owned 5.21% of the outstanding Class C shares of the Fund.

The Declaration of Trust provides that the Trust will indemnify its Trustees and officers against liabilities and expenses incurred in connection with litigation in which they may be involved because of their offices with the Trust, unless, as to liabilities to the Trust or its shareholders, it is finally adjudicated that they engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in their offices, or with respect to any matter, unless it is adjudicated that they did not act in good faith in the reasonable belief that their actions were in the best interest of the Trust. In the case of settlement, such indemnification will not be provided unless it has been determined pursuant to the Declaration of Trust, that such officers or Trustees have not engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of their duties.

INVESTMENT ADVISER

MFS, together with its predecessor organizations, has a history of money management dating from 1924. MFS is a wholly owned subsidiary of Sun Life of Canada (U.S.) which in turn is a wholly owned subsidiary of Sun Life Assurance Company of Canada.

In March 1995, MFS formed an alliance with Foreign & Colonial Management Ltd. ("Foreign & Colonial"). Foreign & Colonial is a subsidiary of two of the worlds oldest financial services institutions, the London-based Foreign & Colonial Investment Trust PLC, which pioneered the idea of investment management in 1868, and HYPO-BANK (Bayerische Hypotheken-und Wechsel-Bank AG) of Munich, the oldest publicly listed bank in Germany, founded in 1835. As a result of this alliance, MFS will have access to the extensive international equity investment expertise of Foreign & Colonial, which may enhance MFS' own global equity research and management capabilities.

MFS manages the assets of the Fund pursuant to an Investment Advisory Agreement with the Fund dated as of September 1, 1993 (the "Advisory Agreement"). The Adviser provides the Fund with overall investment advisory and administrative services, as well as general office facilities. Subject to such policies as the Trustees may determine, the Adviser makes investment decisions for the Fund. For these services and facilities, the Adviser receives an annual management fee, computed and paid monthly, in an amount equal to the sum of 0.30% of the Fund's average daily net assets plus 6.43% of its gross income.

In order to comply with the expense limitations of certain state securities commissions, the Adviser will reduce its management fee or otherwise reimburse the Fund for any expenses, exclusive of interest, taxes and brokerage commissions, incurred by the Fund in any fiscal year to the extent such expenses exceed the most restrictive of such state expense limitations. The Adviser will make appropriate adjustments to such reductions and reimbursements in response to any amendment or rescission of the various state requirements.

For the Fund's fiscal year ended March 31, 1995, MFS received \$3,545,246 (of which \$1,390,697 was based on average daily net assets and \$2,154,549 on gross income) under the Advisory Agreement.

For the four months ended March 31, 1994, MFS received \$1,301,038 (of which \$527,310 was based on average daily net assets and \$773,728 on gross income) under the Advisory Agreement.

For the Fund's fiscal year ended November 30, 1993, MFS (and its predecessor, Lifetime Advisers, Inc., a Delaware corporation and a wholly owned subsidiary of MFS, which served as the Fund's investment adviser until September 7, 1993), received in aggregate \$3,751,548 (of which \$1,497,081 was based on average daily net assets and \$2,254,467 on gross income) under their advisory agreements with the Fund.

The Fund pays all of its expenses (other than those assumed by the Adviser or MFD) including: Trustees fees discussed above; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Fund; fees and expenses of independent auditors, of legal counsel, and of any transfer agent, registrar or dividend disbursing agent of the Fund; expenses of repurchasing and redeeming shares and servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, periodic reports, notices and proxy statements to shareholders and to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of State Street Bank and Trust Company, the Fund's Custodian, for all services to the Fund, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Fund; and expenses of shareholder meetings. Expenses relating to the issuance, registration and qualification of shares of the Fund and the preparation, printing and mailing of

prospectuses are borne by the Fund except that the Fund's Distribution Agreement with MFD requires MFD to pay for prospectuses that are to be used for sales purposes. Expenses of the Trust which are not attributable to a specific series are allocated among the series in a manner believed by management of the Trust to be fair and equitable. Payment by the Fund of brokerage commissions for brokerage and research services of value to the Adviser in serving its clients is discussed under the caption "Portfolio Transactions and Brokerage Commissions" below.

MFS pays the compensation of the Trust's officers and of any Trustee who is an officer of MFS. The Adviser also furnishes at its own expense all necessary administrative services, including office space, equipment, clerical personnel, investment advisory facilities, and all executive and supervisory personnel necessary for managing the Fund's investments, effecting its portfolio transactions and, in general, administering its affairs (with the exception of the services, facilities and personnel provided by the Shareholder Servicing Agent or the Custodian, see below).

The Advisory Agreement with the Fund will remain in effect until August 1, 1996, and will continue in effect thereafter only if such continuance is specifically approved at least annually by the Board of Trustees or by vote of a majority of the Fund's outstanding voting securities (as defined under "Investment Restrictions") and, in either case, by a majority of the Trustees who are not parties to the Advisory Agreement or interested persons of any such party. The Advisory Agreement terminates automatically if it is assigned and may be terminated without penalty by vote of a majority of the Fund's outstanding voting securities or by either party on not more than 60 days' nor less than 30 days' written notice. The Advisory Agreement provides that if MFS ceases to serve as the Adviser to the Fund, the Fund will change its name so as to delete the term "MFS" and that MFS may render services to others and may permit other fund clients to use the term "MFS" in their names. The Advisory Agreement also provides that neither the Adviser nor its personnel shall be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Fund, except for willful misfeasance, bad faith or gross negligence in the performance of its or their duties or by reason of reckless disregard of its or their obligations and duties under the Advisory Agreement.

CUSTODIAN

State Street Bank and Trust Company (the "Custodian") is the custodian of the Fund's assets. The Custodian's responsibilities include safekeeping and controlling the Fund's cash and securities, handling the receipt and delivery of securities, determining income and collecting interest and dividends on the Fund's investments, maintaining books of original entry for portfolio and fund accounting and other required books and accounts, and calculating the daily net asset value and public offering price of each class of shares of the Fund. The Custodian does not determine the investment policies of the Fund or decide which securities the Fund will buy or sell. The Fund may, however, invest in securities of the Custodian and may deal with the Custodian as principal in securities transactions. The Custodian also serves as the dividend and distribution disbursing agent of the Fund. The Custodian has contracted with the Adviser for the Adviser to perform certain accounting functions related to options transactions for which the Adviser receives remuneration on a cost basis.

SHAREHOLDER SERVICING AGENT

MFS Service Center, Inc. (the "Shareholder Servicing Agent"), a wholly owned subsidiary of MFS, is the Fund's shareholder servicing agent, pursuant to a Shareholder Servicing Agent Agreement with the Trust, dated August 1, 1985, as amended (the "Agency Agreement"). The Shareholder Servicing Agent's responsibilities under the Agency Agreement include administering and performing transfer agent functions and the keeping of records in connection with the issuance, transfer and redemption of each class of shares of the Fund. For these services, the Shareholder Servicing Agent will receive a fee based on the net assets of each class of the Fund, computed and paid monthly. In addition, the Shareholder Servicing Agent will be reimbursed by the Fund for certain expenses incurred by the Shareholder Servicing Agent on behalf of the Fund. For the fiscal year ended March 31, 1995, the Fund paid to the Shareholder Servicing Agent fees of \$1,005,420 under its Agency Agreement. State Street Bank and Trust Company, the dividend and distribution disbursing agent for the Fund, has contracted with the Shareholder Servicing Agent to administer and perform certain dividend and distribution disbursing functions for the Fund.

DISTRIBUTOR

MFD, a wholly owned subsidiary of MFS, serves as the distributor for the continuous offering of shares of the Fund pursuant to a Distribution Agreement dated as of January 1, 1995 (the "Distribution Agreement"). Prior to January 1, 1995, MFS Financial Services, Inc. ("FSI"), another wholly owned subsidiary of MFS, was the Fund's distributor. Where this Statement of Additional Information refers to MFD in relation to the receipt or payment of money with respect to a period or periods prior to January 1, 1995, such reference shall be deemed to include FSI, as predecessor in interest to MFD.

CLASS A SHARES: MFD acts as agent in selling Class A shares of the Fund to dealers. The public offering price of the Class A shares of the Fund is their net asset value next computed after the sale plus a sales charge which varies based upon the quantity purchased. The public offering price of a Class A share of the Fund is calculated by dividing the net asset value of a Class A share by the difference (expressed as a decimal) between 100% and the sales charge percentage of offering price applicable to the purchase (see "Purchases" in the Prospectus). The sales charge scale set forth in the Prospectus applies to purchases of Class A shares of the Fund alone or in combination with shares of all classes of certain other funds in the MFS Family of Funds (the "MFS Funds") and other funds (as noted under Right of Accumulation) by any person, including members of a family unit (e.g., husband, wife and minor children) and bona fide trustees, and also applies to purchases made under the Right of Accumulation or a Letter of Intent (see "Investment and Withdrawal Programs" in this Statement of Additional Information). A group might qualify to obtain quantity sales charge discounts (see "Investment and Withdrawal Programs" in this Statement of Additional Information).

Class A shares of the Fund may be sold at their net asset value to certain persons and in certain circumstances as described in the Prospectus. Such sales are made without a sales charge to promote good will with employees and others with whom MFS, MFD and/or the Fund have business relationships, and because the sales effort, if any, involved in making such sales is negligible.

MFD allows discounts to dealers (which are alike for all dealers) from the applicable public offering price of the Class A shares. Dealer allowances expressed as a percentage of offering price for all offering prices are set forth in the Prospectus (see "Purchases" in the Prospectus). The difference between the total amount invested and the sum of (a) the net proceeds to the Fund and (b) the dealer commission, is the commission paid to the distributor. Because of rounding in the computation of offering price, the portion of the sales charge paid to the distributor may vary and the total sales charge may be more or less than the sales charge calculated using the sales charge expressed as a percentage of offering price or as a percentage of the net amount invested as listed in the Prospectus. In the case of the maximum sales charge the dealer retains 4% and MFD retains approximately 3/4 of 1% of the public offering price. In addition, MFD pays a commission to dealers who initiate and are responsible for purchases of \$1 million or more as described in the Prospectus.

CLASS B SHARES AND CLASS C SHARES: As the distributor of the Fund, MFD acts as agent in selling Class B and Class C shares of the Fund to dealers. The public offering price of Class B and Class C shares is their net asset value next computed after the sale (see "Purchases" in the Prospectus).

GENERAL: Neither MFD nor dealers are permitted to delay the placement of orders to benefit themselves by a price change. On occasion, MFD may obtain brokers loans from various banks, including the custodian banks for the MFS Funds, to facilitate the settlement of sales of shares of the Fund to dealers. MFD may benefit from its temporary holding of funds paid to it by investment dealers for the purchase of Fund shares.

For the fiscal year ended March 31, 1995, MFD and dealers and certain other financial institutions received sales charges of \$9,957 and \$73,783, respectively (as their concession on gross sales charges of \$83,740), for selling Class A shares of the Fund. The Fund received \$2,259,669 representing the aggregate net asset value of such shares.

During the period December 1, 1993 through March 31, 1994, MFD and dealers and certain other financial institutions received sales charges of \$5,248 and \$54,106, respectively (as their concession on gross sales charges of \$59,354), for selling Class A shares of the Fund. The Fund received \$4,946,545 representing the aggregate net asset value of such shares. During the period September 7, 1993 through November 30, 1993, MFD and dealers and certain other financial institutions received \$2,642 and \$11,354, respectively (as their concession on gross sales charges of \$13,996), for selling Class A shares of the Fund. The Fund received \$315,369 representing the aggregate net asset value of such shares.

During the fiscal year ended March 31, 1995, the period December 1, 1993 through March 31, 1994, and the fiscal year ended November 30, 1993, the contingent deferred sales charge ("CDSC") imposed on redemption of Class B shares was \$708,357, \$318,928 and \$774,549, respectively.

The Distribution Agreement will remain in effect until August 1, 1996 and will continue in effect thereafter only if such continuance is specifically approved at least annually by the Board of Trustees or by vote of a majority of the Trust's shares (as defined in "Investment Restrictions") and, in either case, by a majority of the Trustees who are not parties to such Distribution Agreement or interested persons of any such party. The Distribution Agreement terminates automatically if it is assigned and may be terminated without penalty by either party on not more than 60 days' nor less than 30 days' notice.

5. PORTFOLIO TRANSACTIONS AND BROKERAGE COMMISSIONS

Specific decisions to purchase or sell securities for the Fund are made by employees of the Adviser, who are appointed and supervised by its senior officers. Changes in the Fund's investments are reviewed by the Board of Trustees. The Fund's portfolio manager may serve other clients of the Adviser or any subsidiary of MFS in a similar capacity.

The primary consideration in placing portfolio security transactions with broker-dealers for execution is to obtain and maintain the availability of execution at the most favorable prices and in the most effective manner possible. The Adviser attempts to achieve this result by selecting broker-dealers to execute portfolio transactions on behalf of the Fund and other clients of the Adviser on the basis of their professional capability, the value and quality of their brokerage services, and the level of their brokerage commissions. In the case of securities, such as government securities, which are principally traded in the over-the-counter market (where no stated commissions are paid but the prices include a dealer's markup or markdown), the Adviser normally seeks to deal directly with the primary market makers, unless in its opinion, better prices are available elsewhere. In the case of securities purchased from underwriters, the cost of such securities generally includes a fixed underwriting commission or concession. Securities firms or futures commission merchants may receive brokerage commissions on transactions involving options, Futures Contracts and Options on Futures Contracts and the purchase and sale of underlying securities upon exercise of options. The brokerage commissions associated with buying and selling options may be proportionately higher than those associated with general securities transactions. From time to time, soliciting dealer fees are available to the Adviser on the tender of the Fund's portfolio securities in so-called tender or exchange offers. Such soliciting dealer fees are in effect recaptured for the Fund by the Adviser. At present no other recapture arrangements are in effect.

Under the Advisory Agreement and as permitted by Section 28(e) of the Securities Exchange Act of 1934, the Adviser may cause the Fund to pay a broker-dealer which provides brokerage and research services to the Adviser an amount of commission for effecting a securities transaction for the Fund in excess of the amount other broker-dealers would have charged for the transaction if the Adviser determines in good faith that the greater commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker-dealer viewed in terms of either a particular transaction or the Adviser's overall responsibilities to the Fund or to its other clients. Not all of such services are useful or of value in advising the Fund.

The term "brokerage and research services" includes advice as to the value of securities, the advisability of purchasing or selling securities, and the availability of purchasers or sellers of securities; furnishing analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and effecting securities transactions and performing functions incidental thereto such as clearance and settlement.

Although commissions paid on every transaction will, in the judgment of the Adviser, be reasonable in relation to the value of the brokerage services provided, commissions exceeding those which another broker might charge may be paid to broker-dealers who were selected to execute transactions on behalf of the Fund and the Adviser's other clients in part for providing advice as to the availability of purchasers or sellers of securities and services in effecting securities transactions and performing functions incidental thereto such as clearance and settlement.

Broker-dealers may be willing to furnish statistical, research and other factual information or services ("Research") to the Adviser for no consideration other than brokerage or underwriting commissions. Securities may be bought or sold through such broker-dealers, but at present, unless otherwise directed by the Fund, a commission higher than one charged elsewhere will not be paid to such a firm solely because it provided Research to the Adviser. The Trustees (together with the Trustees of the other MFS Funds) have directed the Adviser to allocate a total of \$20,000 of commission business from the MFS Funds to the Pershing Division of Donaldson, Lufkin & Jenrette as consideration for the annual renewal of the Lipper Directors' Analytical Data Service (which provides information useful to the Trustees in reviewing the relationship between the Fund and the Adviser).

The Adviser's investment management personnel attempt to evaluate the quality of Research provided by brokers. Results of this effort are sometimes used by the Adviser as a consideration in the selection of brokers to execute portfolio transactions. However, the Adviser is unable to quantify the amount of commissions which will be paid as a result of such Research because a substantial number of transactions will be effected through brokers which provide Research but which were selected principally because of their execution capabilities.

The management fee that the Fund pays to the Adviser will not be reduced as a consequence of the Adviser's receipt of brokerage and research services. To the extent the Fund's portfolio transactions are used to obtain such services, the brokerage commissions paid by the Fund will exceed those that might otherwise be

paid, by an amount which cannot be presently determined. Such services would be useful and of value to the Adviser in serving both the Fund and other clients and, conversely, such services obtained by the placement of brokerage business of other clients would be useful to the Adviser in carrying out its obligations to the Fund. While such services are not expected to reduce the expenses of the Adviser, the Adviser would, through use of the services, avoid the additional expenses which would be incurred if it should attempt to develop comparable information through its own staff.

For the Fund's fiscal year ended March 31, 1995, fiscal period December 1, 1993 through March 31, 1994 and fiscal year ended November 30, 1993, no brokerage commissions were paid on total transactions (other than U.S. Government securities, purchased options transactions and short-term obligations) of \$271,673,393, \$100,927,261 and \$353,659,502, respectively.

In certain instances there may be securities which are suitable for the Fund's portfolio as well as for that of one or more of the other clients of the Adviser or MFS or any subsidiary of MFS. Investment decisions for the Fund and for such other clients are made with a view to achieving their respective investment objectives. It may develop that a particular security is bought or sold for only one client even though it might be held by, or bought or sold for, other clients. Likewise, a particular security may be bought for one or more clients when one or more other clients are selling that same security. Some simultaneous transactions are inevitable when several clients receive investment advice from the same investment adviser, particularly when the same security is suitable for the investment objectives of more than one client. When two or more clients are simultaneously engaged in the purchase or sale of the same security, the securities are allocated among clients in a manner believed to be equitable to each. It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security as far as the Fund is concerned. In other cases, however, it is believed that the Fund's ability to participate in volume transactions will produce better executions for the Fund.

6. SHAREHOLDER SERVICES

INVESTMENT AND WITHDRAWAL PROGRAMS -- The Fund makes available the following programs designed to enable shareholders to add to their investment or withdraw from it with a minimum of paper work. These programs are described below and, in certain cases, in the Prospectus. The programs involve no extra charge to shareholders (other than a sales charge in the case of certain Class A share purchases) and may be changed or discontinued at any time by a shareholder or the Fund.

LETTER OF INTENT: If a shareholder (other than a group purchaser described below) anticipates purchasing \$100,000 or more of Class A shares of the Fund alone or in combination with all classes of other MFS Funds or MFS Fixed Fund (a bank collective investment fund) within a 13-month period (or 36-month period in the case of purchases of \$1 million or more), the shareholder may obtain Class A shares of the Fund at the same reduced sales charge as though the total quantity were invested in one lump sum by completing the Letter of Intent section of the Fund's Account Application or filing a separate Letter of Intent application (available from the Shareholder Servicing Agent) within 90 days of the commencement of purchases. Subject to acceptance by MFD and the conditions mentioned below, each purchase will be made at a public offering price applicable to a single transaction of the dollar amount specified in the Letter of Intent application. The shareholder or his dealer must inform MFD that the Letter of Intent is in effect each time shares are purchased. The shareholder makes no commitment to purchase additional shares, but if his purchases within 13 months (or 36 months, in the case of purchases of \$1 million or more) plus the value of shares credited toward completion of the Letter of Intent do not total the sum specified, he will pay the increased amount of the sales charge as described below. Instructions for issuance of shares in the name of a person other than the person signing the Letter of Intent application must be accompanied by a written statement from the dealer stating that the shares were paid for by the person signing such Letter. Neither income dividends nor capital gain distributions taken in additional shares will apply toward the completion of the Letter of Intent. Dividends and distributions of other MFS Funds automatically reinvested in shares of the Fund pursuant to the Distribution Investment Program will also not apply toward completion of the Letter of Intent.

Out of the shareholder's initial purchase (or subsequent purchases if necessary), 5% of the dollar amount specified in the Letter of Intent application shall be held in escrow by the Shareholder Servicing Agent in the form of shares registered in the shareholder's name. All income dividends and capital gain distributions on escrowed shares will be paid to the shareholder or to his order. When the minimum investment so specified is completed (either prior to or by the end of the 13-month or 36-month period, as applicable), the shareholder will be notified and the escrowed shares will be released.

If the intended investment is not completed, the Shareholder Servicing Agent will redeem an appropriate number of the escrowed shares in order to realize such difference. Shares remaining after any such redemption will be released by the Shareholder Servicing Agent. By completing and signing the Account Application or separate Letter of Intent application, the shareholder

irrevocably appoints the Shareholder Servicing Agent his attorney to surrender for redemption any or all escrowed shares with full power of substitution in the premises.

RIGHT OF ACCUMULATION: A shareholder qualifies for cumulative quantity discounts on the purchase of Class A shares when that shareholder's new investment, together with the current offering price value of all the holdings of all classes of shares of that shareholder in the MFS Funds or MFS Fixed Fund reaches a discount level (see "Purchases" in the Prospectus for the sales charges on quantity purchases). For example, if a shareholder owns shares with a current offering price of \$75,000 and purchases an additional \$25,000 of Class A shares of the Fund, the sales charge for the \$25,000 purchase would be at the rate of 4% (the rate applicable to single transactions of \$100,000). A shareholder must provide the Shareholder Servicing Agent (or his investment dealer must provide MFD) with information to verify that the quantity sales charge discount is applicable at the time the investment is made.

DISTRIBUTION INVESTMENT PROGRAM: Distributions of dividends and capital gains made by the Fund with respect to a particular class of shares may be automatically invested in the same class of shares of one of the other MFS Funds, if shares of the fund are available for sale. Such investments will be subject to additional purchase minimums. Distributions will be invested at net asset value (exclusive of any sales charge and not subject to any CDSC). Distributions will be invested at the close of business on the payable date for the distribution. A shareholder considering the Distribution Investment Program should obtain and read the prospectus of the other fund and consider the differences in objectives and policies before making any investment. For federal income tax purposes, distributions invested under the Distribution Investment Program will be treated as if received by the shareholder in cash and then used to purchase the applicable fund shares.

SYSTEMATIC WITHDRAWAL PLAN: A shareholder may direct the Shareholder Servicing Agent to send him (or anyone he designates) regular periodic payments based upon the value of his account. Each payment under a Systematic Withdrawal Plan ("SWP") must be at least \$100, except certain limited circumstances. The aggregate withdrawals of Class B shares in any year pursuant to a SWP generally are limited to 10% of the value of the account (at the time of the establishment of the SWP). SWP payments are drawn from the proceeds of share redemptions (which would be a return of principal and, if reflecting a gain, would be taxable). Redemptions of Class B shares will be made in the following order: (i) any "Free Amount"; (ii) to the extent necessary, any "Reinvested Shares"; and (iii) to the extent necessary, the "Direct Purchase" subject to the lowest CDSC (as such terms are defined in "Contingent Deferred Sales Charge" in the Prospectus). The CDSC will be waived in the case of redemptions of Class B shares pursuant to a SWP, but will not be waived in the case of SWP redemptions of Class A shares which are subject to a CDSC. To the extent that redemptions for such periodic withdrawals exceed dividend income reinvested in the account, such redemptions will reduce and may eventually exhaust the number of shares in the shareholder's account. All dividend and capital gain distributions for an account with a SWP will be reinvested in full and fractional shares of the Fund at the net asset value in effect at the close of business on the record date for such distributions. To initiate this service, shares having an aggregate value of at least \$5,000 either must be held on deposit by, or certificates for such shares must be deposited with, the Shareholder Servicing Agent. With respect to Class A shares, maintaining a withdrawal plan concurrently with an investment program would be disadvantageous because of the sales charges included in share purchases and the imposition of a CDSC on certain redemptions. The shareholder may deposit into the account additional shares of the Fund, change the payee or change the amount of each payment. The Shareholder Servicing Agent may charge the account for services rendered and expenses incurred beyond those normally assumed by the Fund with respect to the liquidation of shares. No charge is currently assessed against the account, but one could be instituted by the Shareholder Servicing Agent on 60 days' notice in writing to the shareholder in the event that the Fund ceases to assume the cost of these services. The Fund may terminate any SWP for an account if the value of the account falls below \$5,000 as a result of share redemptions (other than as a result of a SWP) or an exchange of shares of the Fund for shares of another MFS Fund. Any SWP may be terminated at any time by either the shareholder or the Fund.

INVEST BY MAIL: Additional investments of \$50 or more in the Fund may be made at any time either by mailing a check payable to the Fund directly to the Shareholder Servicing Agent. The shareholder's account number and the name of his investment dealer must be included with each investment.

GROUP PURCHASES: A bona fide group and all of its members may be treated as a single purchaser and, under the Right of Accumulation (but not the Letter of Intent), obtain quantity sales charge discounts on the purchase of Class A shares if the group (1) gives its endorsement or authorization to the investment program so it may be used by the investment dealer to facilitate solicitation of the membership, thus effecting economies of sales effort; (2) has been in existence for at least six months and has a legitimate purpose other than to purchase mutual fund shares at a discount; (3) is not a group of individuals

whose sole organizational nexus is as credit cardholders of a company, policyholders of an insurance company, customers of a bank or broker-dealer, or clients of an investment adviser or other similar groups; and (4) agrees to provide certification of membership of those members investing money in the MFS Funds upon the request of MFD.

AUTOMATIC EXCHANGE PLAN: Shareholders having account balances of at least \$5,000 in any MFS Fund may exchange their shares for the same class of shares of other MFS Funds (if available for sale) (and, in the case of Class C shares, for shares of MFS Money Market Fund) under the Automatic Exchange Plan. The Automatic Exchange Plan provides for automatic exchange of funds from the shareholder's account in that MFS Fund for investment in the same class of shares of other MFS Funds selected by the shareholder. Under the Automatic Exchange Plan, exchanges of at least \$50 each may be made to up to four different funds effective on the seventh day of each month or of every third month, depending on whether monthly or quarterly exchange are elected by the shareholder. If the seventh day of the month is not a business day, the transaction will be processed on the next business day. Generally, the initial exchange will occur after receipt and processing by the Shareholder Servicing Agent of an application in good order. Exchanges will continue to be made from a shareholder's account in any MFS Fund as long as the balance of the account is sufficient to complete the exchange. Additional payments made to a shareholder's account in such MFS Fund will extend the period that exchanges will continue to be made under the Automatic Exchange Plan. However, if additional payments are added to an account subject to the Automatic Exchange Plan shortly before an exchange is scheduled, such funds may not be available for exchange until the following month; therefore, care should be used to avoid inadvertently terminating the Automatic Exchange Plan through exhaustion of the account balance.

No transaction fee for exchanges will be charged in connection with the Automatic Exchange Plan. However, exchanges of shares of MFS Money Market Fund, MFS Government Money Market Fund and Class A shares of MFS Cash Reserve Fund will be subject to any applicable sales charge. Changes in amounts to be exchanged to each fund, the funds to which exchanges are to be made and the timing of exchanges (monthly or quarterly), or termination of a shareholder's participation in the Automatic Exchange Plan will be made after instructions in writing or by telephone (an "Exchange Change Request") are received by the Shareholder Servicing Agent in proper form (i.e., if in writing -- signed by the record owner(s) exactly as shares are registered; if by telephone -- proper account identification is given by the dealer or shareholder of record). Each Exchange Change Request (other than termination of participation in the program) must involve at least \$50. Generally, if an Exchange Change Request is received by telephone or in writing before the close of business on the last business day of the month, the Exchange Change Request will be effective for the following month's exchange.

A shareholder's right to make additional investments in any of the MFS Funds, to make exchanges of shares from one MFS Fund to another and to withdraw from an MFS Fund, as well as a shareholder's other rights and privileges are not affected by a shareholder's participation in the Automatic Exchange Plan.

The Automatic Exchange Plan is part of the Exchange Privilege. For additional information regarding the Automatic Exchange Plan, including the treatment of any CDSC, see "Exchange Privilege" below.

REINSTATEMENT PRIVILEGE: Shareholders of the Fund and shareholders of the other MFS Funds (except holders of shares of MFS Money Market Fund, MFS Government Money Market Fund and Class A shares of MFS Cash Reserve Fund, in the case where such shares are acquired through direct purchase or reinvested dividends) who have redeemed their shares have a one-time right to reinvest the redemption proceeds in the same class of shares of any of the MFS Funds (if shares of the fund are available for sale) at net asset value (without a sales charge) and, if applicable, with credit for any CDSC paid. In the case of proceeds reinvested in shares of MFS Money Market Fund, MFS Government Money Market Fund and Class A shares of MFS Cash Reserve Fund, the shareholder has the right to exchange the acquired shares for shares of another MFS Fund at net asset value pursuant to the exchange privilege described below. Such a reinvestment must be made within 90 days of the redemption and is limited to the amount of the redemption proceeds. If the shares credited for any CDSC paid are then redeemed within six years of the initial purchase in the case of Class B shares or within 12 months of the initial purchase for certain Class A shares, a CDSC will be imposed upon redemption. Although redemptions and repurchases of shares are taxable events, a reinvestment within a certain period of time in the same Fund may be considered a "wash sale" and may result in the inability to recognize currently all or a portion of any loss realized on the original redemption for federal income tax purposes. Please see your tax advisor for further information.

EXCHANGE PRIVILEGE -- Subject to the requirements set forth below, some or all of the shares in an account for which payment has been received by the Fund (i.e., an established account) may be exchanged for shares of the same class of any other MFS Fund (if available for sale) at net asset value. In addition, Class C shares may be exchanged for shares of MFS Money Market Fund at net asset value. Exchanges will be made after instructions in writing or by telephone (an

"Exchange Request") are received for an established account by the Shareholder Servicing Agent.

Each Exchange Request must be in proper form (i.e., if in writing -- signed by the record owner(s) exactly as the shares are registered; if by telephone -- proper account identification is given by the dealer or shareholder of record), and each exchange must involve either shares having an aggregate value of at least \$1,000 (\$50 in the case of retirement plan participants whose sponsoring organizations subscribe to the MFS FUNDamental 401(k) Plan or another similar 401(k) recordkeeping system made available by MFS Service Center, Inc.) or all the shares in the account. Each exchange involves the redemption of the shares of the Fund to be exchanged and the purchase at net asset value (i.e., without a sales charge) of shares of the same class of the other MFS Fund. Any gain or loss on the redemption of the shares exchanged is reportable on the shareholder's federal income tax return, unless both the shares received and the shares surrendered in the exchange are held in a tax-deferred retirement plan or other tax-exempt account. No more than five exchanges may be made in any one Exchange Request by telephone. If an Exchange Request is received by the Shareholder Servicing Agent on any business day prior to the close of regular trading on the Exchange, the exchange usually will occur on that day if all of the requirements and restrictions set forth above have been complied with at that time. However, payment of the redemption proceeds by the Fund, and thus the purchase of shares of the other MFS Fund, may be delayed for up to seven days if the Fund determines that such a delay would be in the best interest of all its shareholders. Investment dealers which have satisfied criteria established by the Shareholder Servicing Agent may also communicate a shareholder's Exchange Request to MFD by facsimile subject to the requirements set forth above.

No CDSC is imposed on exchanges among the MFS Funds, although liability for the CDSC is carried forward to the exchanged shares. For purposes of calculating the CDSC upon redemption of shares acquired in an exchange, the purchase of shares acquired in one or more exchanges is deemed to have occurred at the time of the original purchase of the exchanged shares.

Additional information with respect to any of the MFS Funds, including a copy of its current prospectus, may be obtained from investment dealers or the Shareholder Servicing Agent. A shareholder considering an exchange should obtain and read the prospectus of the other MFS Fund before making any exchange. Shareholders of the other MFS Funds (except holders of shares of MFS Money Market Fund, MFS Government Money Market Fund and Class A shares of MFS Cash Reserve Fund acquired through direct purchase and dividends reinvested prior to June 1, 1992) have the right to exchange their shares for shares of the Fund, subject to the conditions, if any, set forth in their respective prospectuses. In addition, unitholders of the MFS Fixed Fund have the right to exchange their units (except units acquired through direct purchases) for shares of the Fund, subject to the conditions, if any, imposed upon such unitholders by the MFS Fixed Fund.

Any state income tax advantages for investment in shares of each state-specific series of MFS Municipal Series Trust may only benefit residents of such states. Investors should consult with their own tax advisers to be sure this is an appropriate investment based on their residency and each state's income tax laws.

The exchange privilege (or any aspect of it) may be changed or discontinued and is subject to certain limitations (see "Purchases" in the Prospectus).

TAX-DEFERRED RETIREMENT PLANS -- Except as noted below, shares of the Fund may be purchased by all types of tax-deferred retirement plans. MFD makes available through investment dealers plans and/or custody agreements for the following:

Individual Retirement Accounts (IRAs) (for individuals and their non-employed spouses who desire to make limited contributions to a tax-deferred retirement program and, if eligible, to receive a federal income tax deduction for amounts contributed);

Simplified Employee Pension (SEP-IRA) Plans;

Retirement Plans qualified under Section 401(k) of the Internal Revenue Code of 1986, as amended;

403(b) Plans (deferred compensation arrangements for employees of public school systems and certain nonprofit organizations); and

Certain other qualified pension and profit-sharing plans.

The plan documents provided by MFD designate a trustee or custodian (unless another trustee or custodian is designated by the individual or group establishing the plan) and contain specific information about the plans. Each plan provides that dividends and distributions will be reinvested automatically. Third party administrative services, available for some corporate plans, may limit or delay the processing of transactions. For further details with respect

to any plan, including fees charged by the trustee, custodian or MFD, tax consequences and redemption information, see the specific documents for that plan. Plan documents other than those provided by MFD may be used to establish any of the plans described above. An investor should consult with his tax adviser before establishing any of the tax-deferred retirement plans described above.

Class C shares are not currently available for purchase by any retirement plan qualified under Internal Revenue Code section 401(a) or 403(b) if the retirement plan and/or the sponsoring organization subscribe to the MFS FUNDamental 401(k) Plan or another similar 401(a) or 403(b) recordkeeping program made available by MFS Service Center, Inc.

7. TAX STATUS

The Fund has elected to be treated and intends to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), by meeting all applicable requirements of Subchapter M including requirements as to the nature of the Fund's gross income, the amount of Fund distributions (as a percentage of the Fund's overall income and of its tax-exempt income), and the composition and holding period of the Fund's portfolio assets. Because the Fund intends to distribute all of its net investment income and net realized capital gains to shareholders in accordance with the timing requirements imposed by the Code, it is not expected that the Fund will be required to pay any federal income or excise taxes. If the Fund should fail to qualify as a "regulated investment company" in any year, the Fund would incur a regular corporate federal income tax upon its taxable income and Fund distributions would generally be taxable as ordinary dividend income to shareholders.

The portion of the Fund's distribution of net investment income that is attributable to interest from tax-exempt securities will be designated by the Fund as an "exempt-interest dividend" under the Code and will generally be exempt from federal income tax in the hands of shareholders so long as at least 50% of the total value of the Fund's assets consists of tax-exempt securities at the close of each quarter of the Fund's taxable year. Distributions of tax-exempt interest earned from certain securities may, however, be treated as an item of tax preference for shareholders under the federal alternative minimum tax, and all exempt-interest dividends may increase a corporate shareholder's alternative minimum tax. The percentage of income designated as tax-exempt will be applied uniformly to all distributions by the Fund of net investment income made during each fiscal year and may differ from the percentage of distributions actually attributable to tax-exempt interest for any particular month. Shareholders are required to report exempt-interest dividends received from the Fund on their federal income tax returns.

The Fund may also recognize some net investment income that is not tax-exempt, as well as capital gains and losses as a result of the disposition of securities and from certain options and futures transactions. Shareholders of the Fund will have to pay federal income taxes and except as noted any state or local taxes on the non-exempt interest dividends and capital gain distributions they receive from the Fund, whether paid in cash or additional shares. Because the Fund expects to earn primarily tax-exempt interest income, it is expected that no Fund dividends will qualify for the dividends received deduction for corporations. Distributions of net capital gains (i.e., the excess of the net long-term capital gains over net short-term capital losses), whether paid in cash or additional shares, are taxable to the Fund's shareholders as long-term capital gains for federal income tax purposes regardless of how long they have owned shares in the Fund. Fund dividends declared in October, November, or December to shareholders of record in such a month and paid the following January, will be taxable to shareholders as if received on December 31 of the year in which they are declared.

Any dividend or distribution of net capital gains or net short-term capital gains will have the effect of reducing the per share net asset value of shares in the Fund by the amount of the dividend or distribution. Shareholders purchasing shares in the Fund shortly before the record date of any such distribution may thus pay the full price for the shares and then effectively receive a portion of the purchase price back as a taxable distribution.

Interest on indebtedness incurred by shareholders to purchase or carry shares of the Fund will not be deductible for federal income tax purposes. Exempt-interest dividends are taken into account in calculating the amount of social security and railroad retirement benefits that may be subject to federal income tax. Entities or persons who are "substantial users" (or persons related to "substantial users") of facilities financed by certain private activity bonds should consult their tax advisers before purchasing shares of the Fund. "Substantial user" is defined generally as including a "nonexempt person" who regularly uses in trade or business a part of a facility financed from the proceeds of certain private activity bonds.

In general, any gain or loss realized upon a taxable disposition of shares of the Fund by a shareholder that holds such shares as a capital asset will be treated as long-term capital gain or loss if the shares have been held for more

than twelve months and otherwise as a short-term capital gain or loss. However, any loss realized upon a disposition of shares in the Fund held for six months or less will be disallowed to the extent of any exempt-interest dividends received with respect to those shares. If not disallowed, any such loss will be treated as long-term capital loss to the extent of any distributions of net capital gain made with respect to those shares. Any loss realized upon a redemption of shares may also be disallowed under rules relating to wash sales. Gain may be increased (or loss reduced) upon a redemption of Class A shares of the Fund within ninety days after their purchase followed by any purchase without payment of an additional sales charge (including purchases by exchange or by reinvestment) of Class A shares of the Fund or of another MFS Fund (or any other shares of an MFS Fund generally sold subject to a sales charge).

The Fund's current dividend and accounting policies will affect the amount, timing, and character of distributions to shareholders, and may, under certain circumstances, make an economic return of capital taxable to shareholders. The Fund's investment in zero coupon bonds, deferred interest bonds, and certain securities purchased at a market discount will cause it to realize income prior to the receipt of cash payments with respect to those securities. In order to distribute this income and avoid a tax on the Fund, the Fund may be required to liquidate portfolio securities that it might otherwise have continued to hold, potentially resulting in additional taxable gain or loss to the Fund.

The Fund's transactions in options and Futures Contracts will be subject to special tax rules that may affect the amount, timing and character of Fund income and distributions to shareholders. For example, certain positions held by the Fund on the last business day of each taxable year will be marked to market (i.e., treated as if closed out) on such day, and any gain or loss associated with the positions will be treated as 60% long-term and 40% short-term capital gain or loss. Certain positions held by the Fund that substantially diminish its risk of loss with respect to other positions in its portfolio may constitute "straddles" and may be subject to special tax rules that would cause deferral of Fund losses, adjustments in the holding periods of Fund securities, and conversion of short-term into long-term capital losses. Certain tax elections exist for straddles that may alter the effects of these rules. The Fund will limit its activities in options and Futures Contracts to the extent necessary to meet the requirements of Subchapter M of the Code.

Dividends and certain other payments to persons who are not citizens or residents of the United States or U.S. entities ("Non-U.S. Persons") are generally subject to U.S. tax withholding at a rate of 30%. The Fund intends to withhold U.S. federal income tax at the rate of 30% on any taxable dividends and other payments to Non-U.S. Persons that are subject to such withholding regardless of whether a lower treaty rate may be permitted. Any amounts overwithheld may be recovered by such persons by filing a claim for refund with the U.S. Internal Revenue Service within the time period appropriate to such claims. The Fund is also required in certain circumstances to apply backup withholding at a rate of 31% on taxable dividends and redemption proceeds paid to any shareholder who does not furnish to the Fund certain information and certifications or who is otherwise subject to backup withholding. Backup withholding will not, however, be applied to payments that have been subject to 30% withholding. Distributions received from the Fund by Non-U.S. Persons may also be subject to tax under the laws of their own jurisdiction.

As long as it qualifies as a regulated investment company under the Code, the Fund will not be required to pay Massachusetts income or excise taxes. Distributions of the Fund that are derived from interest on obligations of the U.S. Government and certain of its agencies and instrumentalities (but generally not from capital gains realized upon the disposition of such obligations) may be exempt from state and local taxes in certain states. The Fund intends to advise shareholders of the extent, if any, to which its distributions consist of such interest. Shareholders are urged to consult their tax advisers regarding the possible exclusion of such portion of their dividends for state and local income tax purposes as well as regarding the tax consequences of an investment in the Fund.

The exemption of exempt-interest dividends for federal income tax purposes does not necessarily result in exemption under the tax laws of any state or local taxing authority. Some states do exempt from tax that portion of the exempt-interest dividends which represents interest received by a regulated investment company on its holdings of securities of that state and its political subdivisions and instrumentalities. Therefore, the Fund will report annually to its shareholders the percentage of interest income earned by the Fund during the preceding year on Municipal Bonds and will indicate, on a state-by-state basis only, the source of such income.

8. DETERMINATION OF NET ASSET VALUE; PERFORMANCE INFORMATION

NET ASSET VALUE

The net asset value per share of each class of the Fund is determined each day during which the Exchange is open for trading. (As of the date of this Statement of Additional Information, the Exchange is open for trading every weekday except for the following holidays or the days on which they are observed: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.) This determination is made once during each

such day as of the close of regular trading on the Exchange by deducting the amount of the liabilities attributable to the class from the value of the assets attributable to the class and dividing the difference by the number of shares of the class outstanding. All other securities, futures contracts and options in the Fund's portfolio (other than short-term obligations) for which the principal market is one or more securities or commodities exchanges will be valued at the last reported sale price or at the settlement price prior to the determination (or if there has been no current sale, at the closing bid price) on the primary exchange on which such securities, futures contracts or options are traded; but if a securities exchange is not the principal market for securities, such securities will, if market quotations are readily available, be valued at current bid prices, unless such securities are reported on the NASDAQ system, in which case they are valued at the last sale price or, if no sales occurred during the day, at the last quoted bid price. Debt securities (other than short-term obligations) in the Fund's portfolio are valued on the basis of valuations furnished by a pricing service which utilizes both dealer-supplied valuations and electronic data processing techniques which take into account appropriate factors such as institutional-sized trading in similar groups of securities, yields, quality, coupon rate, maturity, type of issue, trading characteristics and other market data, without exclusive reliance upon quoted prices or exchange or over-the-counter prices, since such valuations are believed to reflect more accurately the fair value of such securities. Short-term obligations, if any, in the Fund's portfolio are valued at amortized cost, which constitutes fair value as determined by the Board of Trustees. Short-term securities with a remaining maturity in excess of 60 days will be valued based upon dealer supplied valuations. Portfolio securities and over-the-counter options for which there are no quotations or valuations are valued at fair value as determined in good faith by or at the direction of the Board of Trustees. A share's net asset value is effective for orders received by the dealer prior to its calculation and received by MFD, in its capacity as the Fund's distributor, prior to the close of the business day.

PERFORMANCE INFORMATION

TOTAL RETURN: The Fund will calculate its total rate of return for each class of shares for certain periods by determining the average annual compounded rates of return over those periods that would cause an investment of \$1,000 (made with all distributions reinvested and reflecting the CDSC or the maximum public offering price) to reach the value of that investment at the end of the periods. The Fund may also calculate (i) a total rate of return, which is not reduced by the CDSC (4% maximum for shares purchased on and after September 1, 1993) and therefore may result in a higher rate of return, (ii) a total rate of return assuming an initial account value of \$1,000, which will result in a higher rate of return with respect to Class A shares since the value of the initial account will not be reduced by the sales charge (4.75% maximum) and/or (iii) total rates of return which represent aggregate performance over a period or year-by-year performance and which may or may not reflect the effect of the maximum sales charge, other sales charge or CDSC. The average annual total rate of return for Class B shares, reflecting the CDSC, for the one-year and five-year periods ended March 31, 1995 and for the period from December 29, 1986 (the Fund's commencement of investment operations) to March 31, 1995 was 1.32%, 6.38% and 6.12%, respectively. The average annual total rates of return for Class B shares, not giving effect to the CDSC, for the one-year and five-year periods and for the period from December 29, 1986 (the Fund's commencement of investment operations) to March 31, 1995 was 5.32%, 6.69% and 6.12%, respectively. The Fund's average annual total rate of return for Class A shares, reflecting the deduction of the initial sales charge, for the one-year period ended March 31, 1995 and for the period September 7, 1993 through March 31, 1995 was 1.24% and -1.19%, respectively. The Fund's average annual total rate of return for Class A shares, not giving effect to the initial sales charge, for the one-year period ended March 31, 1995 and for the period September 7, 1993 through March 31, 1995 was 6.33% and 1.97%, respectively. The Fund's average annual total rate of return for Class C shares for the year ended March 31, 1995 and for the period January 3, 1994 through March 31, 1995 was 5.39% and 0.46%, respectively. The total rates of return represent a limited time frame and may not be indicative of future performance.

PERFORMANCE RESULTS --

The performance results below, based on an assumed initial investment of \$10,000 in Class B shares, cover the period from December 29, 1986 through December 31, 1994. It has been assumed that dividend and capital gain distributions were reinvested in additional shares. Any performance results or total rate of return quotation provided by the Fund should not be considered as representative of the performance of the Fund in the future since the net asset value of shares of the Fund will vary based not only on the type, quality and maturities of the securities held in the Fund's portfolio, but also on changes in the current value of such securities and on changes in the expenses of the Fund. These factors and possible differences in the methods used to calculate total rates of return should be considered when comparing the total rate of return of the Fund to total rates of return published for other investment companies or other investment vehicles. Total rate of return reflects the performance of both principal and income. Current net asset value and account balance information may be obtained by calling 1-800-MFS-TALK (637-8255).

MFS MUNICIPAL INCOME FUND - CLASS B

| YEAR ENDED | DIRECT INVESTMENT | CAP GAIN REINVESTMENT | DIVIDEND REINVESTMENT | TOTAL VALUE |
|--------------------|-------------------|-----------------------|-----------------------|-------------|
| December 31, 1986* | \$10,000 | \$ 0 | \$ 0 | \$10,000 |
| December 31, 1987 | 9,102 | 0 | 465 | 9,567 |
| December 31, 1988 | 9,657 | 0 | 1,145 | 10,802 |
| December 31, 1989 | 9,929 | 0 | 1,874 | 11,803 |
| December 31, 1990 | 9,681 | 0 | 2,541 | 12,222 |
| December 31, 1991 | 10,153 | 33 | 3,430 | 13,616 |
| December 31, 1992 | 10,247 | 204 | 4,238 | 14,689 |
| December 31, 1993 | 10,743 | 214 | 5,335 | 16,292 |
| December 31, 1994 | 9,681 | 193 | 5,554 | 15,428 |

* For the period from the commencement of investment operations, December 29, 1986, through December 31, 1986.

EXPLANATORY NOTES: The results shown in the above table take into account the annual Rule 12b-1 fees but not the CDSC. No adjustment has been made for any income taxes payable by shareholders.

YIELD: Any yield quotation for a class of shares of the Fund is based on the annualized net investment income per share of that class over a 30-day period. The yield for a class of shares of the Fund is calculated by dividing the net investment income per share allocated to that class earned during the period by the public offering price per share of that class on the last day of that period. The resulting figure is then annualized. Net investment income per share of a class is determined by dividing (i) the dividends and interest allocated to that class during the period, minus accrued expenses for the period, by (ii) the average number of shares of that class entitled to receive dividends during the period multiplied by the public offering price per share on the last day of the period. The Fund's yield calculations for Class A shares assume a maximum sales charge of 4.75%. The Fund's yield calculations for Class B shares assume no CDSC is paid.

The yield calculation for Class A, Class B and Class C shares for the 30-day period ended March 31, 1995 was 5.49%, 4.79% and 4.87%, respectively.

TAX-EQUIVALENT YIELD: The tax-equivalent yield for the Fund is calculated by determining the rate of return that would have to be achieved on a fully taxable investment to produce the after-tax equivalent of that yield. In calculating tax-equivalent yields the Fund assumes certain federal tax brackets for shareholders and does not take into account state taxes. The Fund's tax equivalent yield for Class A, Class B and Class C shares for the 30-day period ended March 31, 1995 was 7.63%, 6.65% and 6.76%, respectively (assuming a tax-bracket of 28%), and 7.96%, 6.94% and 7.06%, respectively (assuming a tax bracket of 31%).

CURRENT DISTRIBUTION RATE: Yield, which is calculated according to a formula prescribed by the SEC, is not indicative of the amounts which were or will be paid to the Fund's shareholders. Amounts paid to shareholders of each class are reflected in the quoted "current distribution rate" for that class. The current distribution rate for a class is computed by dividing the total amount of dividends per share paid by the Fund to shareholders of that class during the past 12 months by the maximum public offering price of that class at the end of such period. Under certain circumstances, such as when there has been a change in the amount of dividend payout, or a fundamental change in investment policies, it might be appropriate to annualize the dividends paid over the period such policies were in effect, rather than using the dividends during the past 12 months. The current distribution rate differs from the yield computation because it may include distributions to shareholders from sources other than dividends and interest, such as premium income from option writing, short-term capital gains and return of invested capital, and is calculated over a different period of time. The Fund's current distribution rate calculation for Class A shares assumes a maximum sales charge of 4.75%. The Fund's current distribution rate calculation for Class B shares assumes no CDSC is paid. The current distribution rate for Class A, Class B and Class C shares of the Fund for the 12-month period ended March 31, 1995 was 5.77%, 5.00% and 5.07%, respectively.

GENERAL: From time to time the Fund may, as appropriate, quote Fund rankings or reprint all or a portion of evaluations of fund performance and operations appearing in various independent publications, including but not limited to the following: Money, Fortune, U.S. News and World Report, Kiplinger's Personal Finance, The Wall Street Journal, Barron's, Investors Business Daily, Newsweek, Financial World, Financial Planning, Investment Advisor, USA Today, Pensions and Investments, SmartMoney, Forbes, Global Finance, Registered Representative, Institutional Investor, the Investment Company Institute, Johnson's Charts, Morningstar, Lipper Analytical Services, Inc., CDA Wiesenberger, Shearson Lehman and Saloman Bros. Indices, Ibbotson, Business Week, Lowry Associates, Media

General, Investment Company Data, The New York Times, Your Money, Strangers Investment Advisor, Financial Planning on Wall Street, Standard and Poor's, Individual Investor, The 100 Best Mutual Funds You Can Buy by Gordon K. Williamson, Consumer Price Index, and Sanford C. Bernstein & Co. Fund performance may also be compared to the performance of other mutual funds tracked by financial or business publications or periodicals.

From time to time, the Fund also may discuss or quote its current portfolio manager as well as other investment personnel, including such persons' views on: the economy; securities markets; portfolio securities and their issuers; investment philosophies, strategies, techniques and criteria used in the selection of securities to be purchased or sold for the Fund; the Fund's portfolio holdings; the investment research and analysis process; the formulation and evaluation of investment recommendations; and the assessment and evaluation of credit, interest rate, market and economic risks.

The Fund may also quote evaluations mentioned in independent radio or television broadcasts.

From time to time the Fund may use charts and graphs to illustrate the past performance of various indices such as those mentioned above and illustrations using hypothetical rates of return to illustrate the effects of compounding and tax-deferral.

The Fund may advertise examples of the effects of periodic investment plans, including the principle of dollar cost averaging. In such a program, an investor invests a fixed dollar amount in a fund at periodic intervals, thereby purchasing fewer shares when prices are high and more shares when prices are low. While such a strategy does not assure a profit or guard against a loss in a declining market, the investor's average cost per share can be lower than if fixed numbers of shares are purchased at the same intervals.

MFS FIRSTS: MFS has a long history of innovations.

- -- 1924 -- Massachusetts Investors Trust is established as the first open-end mutual fund in America.
- -- 1924 -- Massachusetts Investors Trust is the first mutual fund to make full public disclosure of its operations in shareholder reports.
- -- 1932 -- One of the first internal research departments is established to provide in-house analytical capability for an investment management firm.
- -- 1933 -- Massachusetts Investors Trust is the first mutual fund to register under the Securities Act of 1933 ("Truth in Securities Act" or "Full Disclosure Act").
- -- 1936 -- Massachusetts Investors Trust is the first mutual fund to allow shareholders to take capital gain distributions either in additional shares or in cash.
- -- 1976 -- MFS(R) Municipal Bond Fund is among the first municipal bond funds established.
- -- 1979 -- Spectrum becomes the first combination fixed/variable annuity with no initial sales charge.
- -- 1981 -- MFS(R) World Governments Fund is established as America's first globally diversified fixed income mutual fund.
- -- 1984 -- MFS(R) Municipal High Income Fund is the first mutual fund to seek high tax-free income from lower-rated municipal securities.
- -- 1986 -- MFS(R) Managed Sectors Fund becomes the first mutual fund to target and shift investments among industry sectors for shareholders.
- -- 1986 -- MFS(R) Municipal Income Trust is the first closed-end, high-yield municipal bond fund traded on the New York Stock Exchange.
- -- 1987 -- MFS(R) Multimarket Income Trust is the first-closed-end, multimarket high income fund listed on the New York Stock Exchange.
- -- 1989 -- MFS(R) Regatta becomes America's first non-qualified market-value-adjusted fixed/variable annuity.
- -- 1990 -- MFS(R) World Total Return Fund is the first global balanced fund.
- -- 1993 -- MFS(R) World Growth Fund is the first global emerging markets fund to offer the expertise of two sub-advisers.
- -- 1993 -- MFS becomes money manager of MFS(R) Union Standard Trust, the first

trust to invest in companies deemed to be union-friendly by an Advisory Board of senior labor officials, senior managers of companies with significant labor contracts, academics and other national labor leaders or experts.

9. DISTRIBUTION PLANS

The Trustees have adopted a Distribution Plan for each of Class A, Class B and Class C shares (the "Distribution Plans") pursuant to Section 12(b) of the 1940 Act and Rule 12b-1 thereunder (the "Rule") after having concluded that there is a reasonable likelihood that each Distribution Plan would benefit the Fund and the respective class of shareholders. The Distribution Plans are designed to promote sales, thereby increasing the net assets of the Fund. Such an increase may reduce the expense ratio to the extent the Fund's fixed costs are spread over a larger net asset base. Also, an increase in net assets may lessen the adverse effects that could result were the Fund required to liquidate portfolio securities to meet redemptions. There is, however, no assurance that the net assets of the Fund will increase or that the other benefits referred to above will be realized.

CLASS A DISTRIBUTION PLAN: The Distribution Plan relating to Class A shares (the "Class A Distribution Plan") provides that the Fund will pay MFD up to (but not necessarily all of) an aggregate of 0.35% per annum of the average daily net assets attributable to the Class A shares in order that MFD may pay expenses on behalf of the Fund related to the distribution and servicing of its Class A shares. The expenses to be paid by MFD on behalf of the Fund include a service fee to securities dealers which enter into a sales agreement with MFD of up to 0.25% per annum of the portion of the Fund's average daily net assets attributable to the Class A shares owned by investors for whom that securities dealer is the holder or dealer of record. These payments are partial consideration for personal services and/or account maintenance performed by such dealers with respect to Class A shares. MFD will also retain a distribution fee of 0.10% per annum of the Fund's average daily net assets attributable to Class A shares as partial consideration for services performed and expenses incurred in the performance of MFD's obligations as to Class A shares under the Distribution Agreement with the Fund. MFD, however, is currently waiving this 0.10% of the distribution/service fee but may terminate this waiver and commence receiving this fee at any time in its discretion without notice to shareholders. Any remaining funds may be used to pay for other distribution related expenses as described in the Prospectus. Service fees may be reduced for a securities dealer that is the holder or dealer of record for an investor who owns shares of the Fund having a net asset value at or above a certain dollar level. No service fee will be paid (i) to any securities dealer who is the holder or dealer of record for investors who own Class A shares having an aggregate net asset value less than \$750,000, or such other amount as may be determined from time to time by MFD (MFD, however, may waive this minimum amount requirement from time to time if the dealer satisfies certain criteria), or (ii) to any insurance company which has entered into an agreement with the Fund and MFD that permits such insurance company to purchase shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. Dealers may from time to time be required to meet certain other criteria in order to receive service fees. MFD or its affiliates are entitled to retain all service fees payable under the Class A Distribution Plan for which there is no dealer of record or for which qualification standards have not been met as partial consideration for personal services and/or account maintenance services performed by MFD or its affiliates for shareholder accounts. Certain banks and other financial institutions that have agency agreements with MFD will receive agency transaction and service fees that are the same as commissions and service fees to dealers.

For the year ended March 31, 1995, the Fund did not incur any expenses under the Class A Distribution Plan since payments under the Plan commenced on a date after the fiscal year end.

The Class A Distribution Plan will remain in effect until August 1, 1996, and will continue in effect thereafter only if such continuance is specifically approved at least annually by vote of both the Trustees and a majority of the Trustees who are not "interested persons" or financially interested parties to the Plan ("Class A Distribution Plan Qualified Trustees"). The Class A Distribution Plan requires that the Fund and MFD each shall provide to the Trustees, and the Trustees shall review, at least quarterly, a written report of the amounts expended (and purposes therefor) under such Plan. The Class A Distribution Plan may be terminated at any time by vote of a majority of the Class A Distribution Plan Qualified Trustees or by vote of the holders of a majority of the Fund's Class A shares (as defined in "Investment Restrictions"). Agreements under the Class A Distribution Plan must be in writing, will be terminated automatically if assigned, and may be terminated at any time without payment of any penalty, by vote of a majority of the Class A Distribution Plan Qualified Trustees or by vote of the holders of a majority of the Fund's Class A shares. The Class A Distribution Plan may not be amended to increase materially the amount of permitted distribution expenses without the approval of a majority of the Fund's Class A shares (as defined in "Investment Restrictions") and may not be materially amended in any case without a vote of the Class A Distribution Plan Qualified Trustees. No Trustee who is not an "interested person" has any financial interest in the Class A Distribution Plan or in any related agreement.

CLASS B DISTRIBUTION PLAN: The Class B Distribution Plan relating to Class B

shares (the "Class B Distribution Plan") provides that the Fund shall pay MFD, as the Fund's distributor for its Class B shares, a daily distribution fee equal on an annual basis to 0.75% of the Fund's average daily net assets and will pay MFD a service fee up to 0.25% per annum of the Fund's average daily net assets attributable to Class B shares (which MFD will in turn pay to securities dealers which enter into a sales agreement with MFD at a rate of up to 0.25% per annum of the Fund's average daily net assets attributable to Class B shares owned by investors for whom that securities dealer is the holder or dealer or record). This service fee is intended to be additional consideration for all personal services and/or account maintenance services rendered by the dealer with respect to Class B shares. MFD will also advance to dealers the first year service fee at a rate equal to 0.25% per annum of the amount invested. As compensation therefor, MFD may retain the service fee paid by the Fund with respect to such shares for the first year after purchase. Therefore, the total amount paid to a dealer upon the sale of shares is 4.00% of the purchase price of the shares (commission rate of 3.75% plus a service fee equal to 0.25% of the purchase price). Dealers will become eligible for additional service fees with respect to such shares in the 13 months following purchase. Except in the case of the first year service fee, no service fee will be paid to any securities dealer who is the holder or dealer of record for investors who own Class B shares having an aggregate net asset value of less than \$750,000 or such other amount as may be determined from time to time by MFD. MFD, however, may waive this minimum amount requirement from time to time if the dealer satisfies certain criteria. Dealers may from time to time be required to meet certain other criteria in order to receive service fees. MFD or its affiliates are entitled to retain all service fees payable under the Class B Distribution Plan with respect to accounts for which there is no dealer of record or for which qualification standards have not been met as partial consideration for personal services and/or account maintenance services performed by MFD or its affiliates for shareholder accounts. The purpose of distribution payments to MFD under the Class B Distribution Plan is to compensate MFD for its distribution services to the Fund. MFD pays commissions to dealers as well as expenses of printing prospectuses and reports used for sales purposes, expenses with respect to the preparation and printing of sales literature and other distribution related expenses, including, without limitation, the cost necessary to provide distribution-related services, of personnel, travel, office expenses and equipment. The Class B Distribution Plan also provides that MFD will receive all CDSCs. (See "Distribution Plan" and "Purchases" in the Prospectus.)

For the year ended March 31, 1995, the Fund incurred expenses of \$4,444,656 (equal to, on an annualized basis, 1.0% of its average daily net assets attributable to Class B shares), relating to the distribution and servicing of its Class B shares, of which MFD retained \$68,521 and securities dealers of the Fund and certain banks and other financial institutions received \$4,376,135.

In accordance with the Rule, all agreements relating to the Class B Distribution Plan entered into between the Fund or MFD and other organizations must be approved by the Board of Trustees, including a majority of the Trustees who are not "interested persons" (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of the Class B Distribution Plan or in any agreement related to such Plan ("Class B Distribution Plan Qualified Trustees"). The Class B Distribution Plan further provides that the selection and nomination of Class B Distribution Plan Qualified Trustees shall be committed to the discretion of the non-interested Trustees then in office.

The Class B Distribution Plan will remain in effect until August 1, 1996 and will continue in effect thereafter only if such continuance is specifically approved at least annually by vote of both the Trustees and a majority of the Class B Distribution Plan Qualified Trustees. The Class B Distribution Plan requires that the Fund and MFD shall provide to the Trustees, and the Trustees shall review, at least quarterly, a written report of the amounts expended (and purposes therefor) under such Plan. The Class B Distribution Plan may be terminated at any time by vote of a majority of the Class B Distribution Plan Qualified Trustees or by vote of the holders of a majority of the Class B shares of the Fund (as defined in "Investment Restrictions" above). The Class B Distribution Plan may not be amended to increase materially the amount of permitted distribution expenses without the approval of Class B shareholders and may not be materially amended in any case without a vote of the majority of both the Trustees and the Class B Distribution Plan Qualified Trustees. No Trustee who is not an interested person of the Fund has any financial interest in the Class B Distribution Plan or in any related agreement.

CLASS C DISTRIBUTION PLAN: The Distribution Plan relating to Class C shares (the "Class C Distribution Plan") provides that the Fund will pay MFD a distribution fee of up to 0.75% per annum of the Fund's average daily net assets attributable to Class C shares and will pay MFD a service fee of up to 0.25% per annum of the Fund's average daily net assets attributable to Class C shares (which MFD will in turn pay to securities dealers which enter into a sales agreement with MFD at a rate of up to 0.25% per annum of the Fund's daily net assets attributable to Class C shares owned by investors for whom that securities dealer is the holder or dealer of record).

The distribution/service fees attributable to Class C shares are designed to

permit an investor to purchase such shares through a broker-dealer without the assessment of an initial sales charge or a CDSC while allowing MFD to compensate broker-dealers in connection with the sale of such shares.

The service fee is intended to be additional consideration for all personal services and/or account maintenance services rendered by the dealer with respect to Class C shares. MFD or its affiliates are entitled to retain all service fees payable under the Class C Distribution Plan with respect to accounts for which there is no dealer of record as partial consideration for personal services and/or account maintenance services performed by MFD or its affiliates for shareholder accounts.

The purpose of the distribution payments to MFD under the Class C Distribution Plan is to compensate MFD for its distribution services to the Fund. Distribution payments under the Plan will be used by MFD to pay securities dealers a distribution fee in an amount equal on an annual basis to 0.75% of the Fund's average daily net assets attributable to Class C shares owned by investors for whom securities dealer is the holder or dealer of record. (Therefore, the total amount of distribution/service fees paid to a dealer on an annual basis is 1.00% of the Fund's average daily net assets attributable to Class C shares owned by investors for whom the securities dealer is the holder or dealer of record.) MFD also pays expenses of printing prospectuses and reports used for sales purposes, expenses with respect to the preparation and printing of sales literature and other distribution-related expenses, including, without limitation, the compensation of personnel and all costs of travel, office expense and equipment. Since MFD's compensation is not directly tied to its expenses, the amount of compensation received by MFD during any year may be more or less than its actual expenses. For this reason, this type of distribution fee arrangement is characterized by the staff of the SEC as being of the "compensation" variety. However, the Fund is not liable for any expenses incurred by MFD in excess of the amount of compensation it receives. Certain banks and other financial institutions that have agency agreements with MFD will receive agency transaction and service fees that are the same as distribution and service fees to dealers. Fees payable under the Class C Distribution Plan are charged to, and therefore reduce, income allocated to Class C shares.

For the year ended March 31, 1995, the Fund incurred expenses of \$95,149 (equal to, on an annualized basis, 1.0% of its average daily net assets attributable to Class C shares), relating to the distribution and servicing of its Class C shares, of which MFD retained \$4,741 and securities dealers of the Fund and certain banks and other financial institutions received \$90,408.

In accordance with the Rule, all agreements relating to the Class C Distribution Plan entered into between the Fund or MFD and other organizations must be approved by the Board of Trustees, including a majority of the Trustees who are not "interested persons" (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of the Class C Distribution Plan or in any agreement related to such Plan ("Class C Distribution Plan Qualified Trustees"). The Class C Distribution Plan further provides that the selection and nomination of Class C Distribution Plan Qualified Trustees shall be committed to the discretion of the non-interested Trustees then in office.

The Class C Distribution Plan will remain in effect until August 1, 1996 and will continue in effect thereafter only if such continuance is specifically approved at least annually by vote of both the Trustees and a majority of the Class C Distribution Plan Qualified Trustees. The Class C Distribution Plan requires that the Fund and MFD shall provide to the Trustees, and the Trustees shall review, at least quarterly, a written report of the amounts expended (and purposes therefor) under such Plan. The Class C Distribution Plan may be terminated at any time by vote of a majority of the Class C Distribution Plan Qualified Trustees or by vote of the holders of a majority of the Class C shares of the Fund (as defined in "Investment Restrictions" above). The Class C Distribution Plan may not be amended to increase materially the amount of permitted distribution expenses without the approval of Class C shareholders and may not be materially amended in any case without a vote of the majority of both the Trustees and the Class C Distribution Plan Qualified Trustees. No Trustee who is not an interested person of the Fund has any financial interest in the Class C Distribution Plan or in any related agreement.

10. DESCRIPTION OF SHARES, VOTING RIGHTS AND LIABILITIES

The Trust's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional Shares of Beneficial Interest (without par value) of one or more separate series and to divide or combine the shares of any series into a greater or lesser number of shares without thereby changing the proportionate beneficial interests in that series. The Trustees have currently authorized shares of the Fund and 18 other series. The Declaration of Trust further authorizes the Trustees to classify or reclassify any series of shares into one or more classes. Pursuant thereto, the Trustees have authorized the issuance of three classes of shares of the Fund (Class A, Class B and Class C shares). Each share of a class of the Fund represents an equal proportionate interest in the assets of the Fund allocable to that class. Upon liquidation of the Fund, shareholders of each class are entitled to share pro rata in the net assets of the Fund allocable to such class available for distribution to shareholders. The Trust reserves the right to create and issue additional series

or classes of shares, in which case the shares of each class of a series would participate equally in the earnings, dividends and assets allocable to that class of the particular series.

Shareholders are entitled to one vote for each share held and may vote in the election of Trustees and on other matters submitted to meetings of shareholders. Although Trustees are not elected annually by the shareholders, shareholders have under certain circumstances the right to remove one or more Trustees in accordance with the provisions of Section 16(c) of the 1940 Act. No material amendment may be made to the Declaration of Trust without the affirmative vote of a majority of the Trust's shares (as defined in "Investment Restrictions") or by an instrument in writing without a meeting, signed by a majority of Trustees and consented to by the holders of not less than a majority of the shares outstanding and entitled to vote. Shares have no pre-emptive or conversion rights (except as described in "Purchases -- Conversion of Class B Shares" in the Prospectus). Shares are fully paid and non-assessable. The Trust may enter into a merger or consolidation, or sell all or substantially all of its assets (or all or substantially all of the assets belonging to any series of the Trust), if approved by the vote of the holders of two-thirds of the Trust's outstanding shares voting as a single class, or of the affected series of the Trust, as the case may be, except that if the Trustees of the Trust recommend such merger, consolidation or sale, the approval by vote of the holders of a majority of the Trust's or the affected series' outstanding shares (as defined in "Investment Restrictions") will be sufficient. The Trust or any series of the Trust may also be terminated (i) upon liquidation and distribution of its assets, if approved by the vote of the holders of two-thirds of its outstanding shares, or (ii) by the Trustees by written notice to the shareholders of the Trust or the affected series. If not so terminated, the Trust will continue indefinitely.

The Trust is an entity of the type commonly known as a "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust and provides for indemnification and reimbursement of expenses out of Trust property for any shareholder held personally liable for the obligations of the Trust. The Declaration of Trust also provides that it shall maintain appropriate insurance (for example, fidelity bonding and errors and omissions insurance) for the protection of the Trust, its shareholders, Trustees, officers, employees and agents covering possible tort or other liabilities. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance existed and the Trust itself was unable to meet its obligations.

The Declaration of Trust further provides that obligations of the Trust are not binding upon the Trustees individually but only upon the property of the Trust and that the Trustees will not be liable for any action or failure to act, but nothing in the Declaration of Trust protects a Trustee against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

11. INDEPENDENT ACCOUNTANTS AND FINANCIAL STATEMENTS

Deloitte & Touche LLP are the Fund's independent auditors, providing audit services, tax return preparation, and assistance and consultation with respect to the preparation of filings with the SEC.

The Portfolio of Investments at March 31, 1995 the Statement of Assets and Liabilities at March 31, 1995 the Statement of Operations for the year ended March 31, 1995 the Statement of Changes in Net Assets for each of the two years in the period ended March 31, 1995 the Notes to Financial Statements and the Independent Auditors' Report, each of which is included in the Annual Report to shareholders of the Fund, are incorporated by reference into this Statement of Additional Information and have been so incorporated in reliance upon the report of Deloitte & Touche LLP, independent auditors, as experts in accounting and auditing. A copy of the Annual Report accompanies this Statement of Additional Information.

APPENDIX A

<TABLE>

COMPENSATION TABLE

<CAPTION>

| TRUSTEE | TRUSTEE FEES FROM FUND<F1> | RETIREMENT BENEFIT ACCRUED AS PART OF FUND EXPENSE<F1> | ESTIMATED CREDITED YEARS OF SERVICE<F2> | TOTAL TRUSTEE FEES FROM FUND AND FUND COMPLEX<F3> |
|---------------------------|----------------------------|--|---|---|
| ----- | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> |
| Marshall N. Cohan | \$3,950 | \$1,514 | 14 | \$147,274 |
| J. David Gibbons | 3,500 | 1,095 | 13 | 132,024 |
| Walter E. Robb, III | 3,950 | 1,730 | 15 | 147,274 |
| Richard B. Bailey | 3,275 | 525 | 10 | 226,221 |

| | | | | |
|-------------------------|-------|-----|----|---------|
| Ward Smith | 3,950 | 417 | 13 | 147,274 |
| Abby M. O'Neill | 3,275 | 339 | 10 | 125,924 |
| Dr. Lawrence Cohn | 3,500 | 175 | 18 | 133,524 |
| J. Dale Sherratt | 3,950 | 197 | 20 | 147,274 |
| - - - - - | | | | |

<FN>
 <F1> For fiscal year ended March 31, 1995.
 <F2> Based on normal retirement age of 75.
 <F3> For calendar year ended 1994. All Trustees served as Trustee of 36 funds within the MFS Fund complex (having aggregate net assets at December 31, 1994, of approximately \$9,746,460,756) except Mr. Bailey, who served as Trustee of 56 funds within the MFS Fund complex (having aggregate net assets at December 31, 1994, of approximately \$24,474,119,825).

</FN>
 </TABLE>

ESTIMATED ANNUAL BENEFITS PAYABLE BY FUND UPON RETIREMENT<F4>

| AVERAGE TRUSTEE FEES | YEARS OF SERVICE | | | |
|----------------------|------------------|--------|---------|------------|
| | 3 | 5 | 7 | 10 OR MORE |
| \$2,950 | \$443 | \$ 738 | \$1,033 | \$1,475 |
| 3,230 | 485 | 808 | 1,131 | 1,615 |
| 3,510 | 527 | 878 | 1,229 | 1,755 |
| 3,790 | 569 | 948 | 1,327 | 1,895 |
| 4,070 | 611 | 1,018 | 1,425 | 2,035 |
| 4,350 | 653 | 1,088 | 1,523 | 2,175 |

<F4> Other funds in the MFS Fund complex provide similar retirement benefits to the Trustees.

INVESTMENT ADVISER
 Massachusetts Financial Services Company
 500 Boylston Street, Boston, MA 02116
 (617) 954-5000

DISTRIBUTOR
 MFS Fund Distributors, Inc.
 500 Boylston Street, Boston, MA 02116
 (617) 954-5000

CUSTODIAN AND DIVIDEND DISBURSING AGENT
 State Street Bank and Trust Company
 225 Franklin Street, Boston, MA 02110

SHAREHOLDER SERVICING AGENT
 MFS Service Center, Inc.
 500 Boylston Street, Boston, MA 02116
 Toll free: (800) 225-2606

Mailing Address:
 P.O. Box 2281, Boston, MA 02107-9906

INDEPENDENT ACCOUNTANTS
 Deloitte & Touche LLP
 125 Summer Street, Boston, MA 02110

MFS[R]
 MUNICIPAL
 INCOME FUND

500 BOYLSTON STREET
 BOSTON, MA 02116

[Logo: MFS (SM)]
 THE FIRST NAME IN MUTUAL FUNDS MMI-13-8/95/500 02/202/302

MFS
 THE FIRST NAME IN MUTUAL FUNDS

ANNUAL REPORT FOR
 YEAR ENDED
 MARCH 31, 1995

MFS(R) MUNICIPAL INCOME FUND

<TABLE>
<CAPTION>
MFS (R) MUNICIPAL INCOME FUND

<S>
TRUSTEES
A. Keith Brodtkin* - Chairman and President

Richard B. Bailey* - Private Investor;
Former Chairman and Director (until 1991),
Massachusetts Financial Services Company

Marshall N. Cohan - Private Investor

Lawrence H. Cohn, M.D. - Chief of Cardiac Surgery, Brigham
and Women's Hospital; Professor of
Surgery, Harvard Medical School

The Hon. Sir J. David Gibbons, KBE - Chief
Executive Officer, Edmund Gibbons Ltd.;
Chairman, Bank of N.T. Butterfield & Son Ltd.

Abby M. O'Neill - Private Investor;
Director, Rockefeller Financial Services, Inc.
(Investment Advisers)

Walter E. Robb, III - President and Treasurer,
Benchmark Advisors, Inc. (Corporate Financial
Consultants)

Arnold D. Scott* - Senior Executive Vice President
and Secretary, Massachusetts Financial Services
Company

Jeffrey L. Shames* - President and Chief Equity
Officer, Massachusetts Financial Services Company

J. Dale Sherratt - President, Insight Resources, Inc.
(Acquisition Planning Specialists)

Ward Smith - Former Chairman (until 1994),
NACCO Industries; Director, Sundstrand
Corporation

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

PORTFOLIO MANAGER
David B. Smith*

TREASURER
W. Thomas London*

ASSISTANT TREASURER
James O. Yost*

SECRETARY
Stephen E. Cavan*

ASSISTANT SECRETARY
James R. Bordewick, Jr.*

*Affiliated with the Investment Adviser
</TABLE>

<C>
CUSTODIAN
State Street Bank and Trust Company

AUDITORS
Deloitte & Touche LLP

INVESTOR INFORMATION
For MFS stock and bond market outlooks,
call toll free: 1-800-637-4458 anytime from
a touch-tone telephone.

For information on MFS mutual funds,
call your financial adviser or, for an
information kit, call toll free:
1-800-637-2929 any business day from
9 a.m. to 5 p.m. Eastern time (or leave
a message anytime).

INVESTOR SERVICE
MFS Service Center, Inc.
P.O. Box 2281
Boston, MA 02107-9906

For general information, call toll free:
1-800-225-2606 any business day from
8 a.m. to 8 p.m. Eastern time.

For service to speech- or hearing-impaired,
call toll free: 1-800-637-6576 any business
day from 9 a.m. to 5 p.m. Eastern time.
(To use this service, your phone must be
equipped with a Telecommunications
Device for the Deaf.)

For share prices, account balances and
exchanges, call toll free: 1-800-MFS-TALK
(1-800-637-8255) anytime from a touch-tone
telephone.

TOP-RATED SERVICE
MFS was rated first when
securities firms evaluated the
quality of service they receive
from 40 mutual fund companies.
MFS got high marks for answering
calls quickly, processing trans-
actions accurately and sending
statements out on time.
(Source: 1994 DALBAR Survey)

Cover photo: Through their wide range of
investments, MFS mutual funds help you
share in America's growth.

LETTER TO SHAREHOLDERS

Dear Shareholders:

During the fiscal year ended March 31, 1995, Class A shares of the Fund provided a total return of +6.33%, Class B shares +5.32%, and Class C shares +5.39% (including the reinvestment of distributions but excluding the effects of any sales charges). These results underperformed the +7.43% return for the Lehman Brothers Municipal Bond Index, an unmanaged index of national municipal bond investments rated Baa or higher. Over the period, the Fund's holdings of primarily premium coupon bonds provided below-average sensitivity to changing

interest rates. While this benefited the Fund during the first eight months of the fiscal year when interest rates were rising, it detracted from performance over the latter four months of the period when interest rates changed course and began falling. A discussion of the Fund's performance and our outlook for the months ahead may be found in the Portfolio Performance and Strategy section below.

Economic Environment

The economic expansion, entering its fifth year, gained firmer underpinnings in 1994 as employers significantly stepped up hiring levels. Increased employment, stronger capital spending by businesses, and strengthening overseas economies resulted in 4.1% real (adjusted for inflation) gross domestic product growth last year. Interest rates rose substantially over the past year, which should help restrain, but not curtail, the economic expansion. Based on sound economic fundamentals both here and abroad, we expect the business expansion to continue well into 1995. However, recent data, including a March rise in the unemployment rate and the first decline in industrial production in six months, indicate the increased likelihood of a deceleration in the economy.

Despite a stonger economy, inflation at the consumer level has remained relatively benign at 2.7% in 1994, the fourth straight year of 3.0% or less. Due to a prolonged period of below-trend-line growth and continued pressure on corporations to emphasize effective cost controls, wage growth and unit labor costs have remained subdued. However, as the economy has exhibited continuing strength, various industrial commodity prices have been rising substantially faster than consumer prices. Nevertheless, businesses have had difficulty passing these price increases on to the consumer. With the economy continuing to expand, we expect some upward movement in inflation from below 3% to the 3 1/2% range.

Municipal Bond Market

Municipal bond investors experienced unusual volatility during the fiscal year ended March 31, 1995, with long-term yields rising 100 basis points through mid-November, then retracing to finish the fiscal year unchanged. The municipal bond market was battered during the first half of the fiscal year by a combination of rising inflationary fears spurred by strong economic growth, and heavy selling by tax-exempt mutual funds. However, the market began to improve in December, when inflation fears subsided and market participants began to focus on the reduced supply of municipal bonds. During 1994, new-issue supply declined 44% from 1993's record level, and was down an additional 46% during the first three months of this year. This reduction in supply, combined with historically heavy bond calls and redemptions, should result in an unprecedented two consecutive years of fewer bonds outstanding.

We believe municipals continue to represent good value based on our forecast of stable to lower long-term interest rates, and that they should provide attractive after-tax returns relative to alternative fixed-income investments.

Portfolio Performance and Strategy

During the past 12 months, the Fund was able to increase its dividend rate by capturing additional yield available in the non-rated sector of the market versus lower investment-grade bonds, and by emphasizing investment-grade bonds with structures resulting in greater-income characteristics. Over the period, we added to the Fund's holdings in noncallable bonds, reduced its exposure to HUD-guaranteed housing bonds, and reduced our holdings in Denver Airport, capturing a large gain in that position. Our exposure to corporate-guaranteed airport bonds elsewhere increased slightly during the period, as we endeavored to capture the cyclical improvement currently being experienced by the major airlines.

Recent credit developments involving municipalities and the changing environment for electric utilities and hospitals clearly demonstrate the importance of fundamental credit analysis. We will continue to search for relative values in these sectors and look for opportunities to reduce our exposure to declining credits where appropriate. We will be placing increased emphasis on improving the call protection of the Fund while, hopefully, minimizing any adverse effects this may have on distributable income.

We appreciate your support and welcome any questions or comments you may have.

Respectfully,

- - - - -

A 1-1/2" x 1-5/8" photo
of A. Keith Brodtkin,
Chairman and President

- - - - -

A 1-1/2" x 1-5/8" photo
of David B. Smith,
Portfolio Manager.

- - - - -

/s/A. Keith Brodtkin
- - - - -
A. Keith Brodtkin
Chairman and President

- - - - -

/s/David B. Smith
- - - - -
David B. Smith
Portfolio Manager

April 17, 1995

OBJECTIVE AND POLICIES

The Fund's investment objective is to provide as high a level of current income exempt from federal income taxes as is considered consistent with prudent investing and protection of shareholders' capital.

The Fund seeks to achieve its investment objective by investing primarily in debt securities issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies or instrumentalities, the interest on which is exempt from federal income tax.

TAX FORM SUMMARY

In January 1995, shareholders were mailed a Tax Form Summary reporting the federal tax status of all distributions paid during the calendar year 1994.

PERFORMANCE

The information below illustrates the historical performance of MFS Municipal Income Fund Class B shares in comparison to various market indicators. Class B share results in the graph do not reflect the deduction of any contingent deferred sales charge (CDSC) since the CDSC is not applicable after a six-year period. Benchmark comparisons are unmanaged and do not reflect any fees or expenses. You cannot invest in an index. All results reflect the reinvestment of all dividends and capital gains.

Class A shares were offered effective September 7, 1993. Information on Class A share performance appears on the next page.

Class C shares were offered effective January 3, 1994. Information on Class C share performance appears on the next page.

GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT
(For the Period from January 1, 1987 to March 31, 1995)

Page 3

Line graph representing the growth of a \$10,000 investment for the period from January 1, 1987 to March 31, 1995. The graph is scaled from \$7,500 to \$20,000 in \$2,500 segments. The years are marked from 1987 to 1995. There are three lines drawn to scale. One is a solid line representing MFS Municipal Income Fund (Class B), a second line of short dashes represents the Lehman Brothers Municipal Bond Index, and a third line of long dashes represents the Consumer Price Index.

| | |
|--------------------------------------|----------|
| MFS Municipal Income Fund (Class B) | \$16,332 |
| Lehman Brothers Municipal Bond Index | \$18,491 |
| Consumer Price Index | \$13,698 |

AVERAGE ANNUAL TOTAL RETURNS

<TABLE>
<CAPTION>

| | 1 Year | 3 Years | 5 Years | Life of Class through 3/31/95 |
|---|--------|---------|---------|-------------------------------------|
| <S> | <C> | <C> | <C> | <C> |
| MFS Municipal Income Fund (Class A) including 4.75% sales charge | +1.24% | -- | -- | -1.19%<F1> |
| MFS Municipal Income Fund (Class A) at net asset value | +6.33% | -- | -- | +1.97%<F1> |
| MFS Municipal Income Fund (Class B) with CDSC<F5> | +1.32% | +5.27% | +6.38% | +6.12%<F2> |
| MFS Municipal Income Fund (Class B) without CDSC | +5.32% | +6.16% | +6.69% | +6.12%<F2> |
| MFS Municipal Income Fund (Class C) | +5.39% | -- | -- | +0.46%<F3> |
| Lehman Brothers Municipal Bond Index | +7.43% | +7.34% | +8.24% | +7.74%<F4> |
| Consumer Price Index<F6> | +2.85% | +2.82% | +3.30% | +3.89%<F4> |

All results are historical and, therefore, are not an indication of future results. The principal value and income return of an investment in a mutual fund will vary with changes in market conditions, and shares, when redeemed, may be worth more or less than their original cost. Class C shares have no initial sales charge or CDSC but, along with Class B shares, have higher annual fees and expenses than Class A shares.

<FN>
 <F1>For the period from the commencement of offering of Class A shares, September 7, 1993 to March 31, 1995.
 <F2>For the period from the commencement of offering of Class B shares, December 29, 1986 to March 31, 1995.
 <F3>For the period from the commencement of offering of Class C shares, January 3, 1994 to March 31, 1995.
 <F4>Benchmark comparisons begin on January 1, 1987.
 <F5>These returns reflect the applicable CDSC of 4%, 3% and 2% for the 1-, 3- and 5-year periods, respectively,
 and 0% for the period commencing December 29, 1986.
 <F6>The Consumer Price Index is a popular measure of change in prices.
 </TABLE>

PORTFOLIO OF INVESTMENTS - March 31, 1995

Municipal Bonds - 99.7%

| S&P Bond Rating (Unaudited) | Issuer | Principal Amount (000 Omitted) | Value |
|---|--|-----------------------------------|---------------|
| ----- | | | |
| Student Loan Revenue - 1.3% | | | |
| AAA | Pennsylvania Higher Education Assistance Agency, 9.24s, 2026* | \$ 5,500 | \$ 5,798,760 |
| ----- | | | |
| General Obligation - 10.3% | | | |
| NR | Arlington, TX, Independent School Refunding Rev., PSF, 0s, 2007 | \$ 3,070 | \$ 1,562,017 |
| A+ | Commonwealth of Massachusetts, 7s, 2007 | 2,590 | 2,834,704 |
| AA+ | Harris County, TX, Certificates of Obligation (Astrodome Improvements Project), 8.1s, 2008 | 1,385 | 1,523,431 |
| A- | New York, NY, 8.2s, 2003 | 5,000 | 5,610,450 |
| A- | New York, NY, 7.5s, 2008 | 1,350 | 1,423,927 |
| A- | New York, NY, 6.25s, 2009 | 3,400 | 3,258,866 |
| A- | New York, NY, 8.25s, 2010 | 2,335 | 2,559,533 |
| A- | New York, NY, 8s, 2018 | 30 | 32,343 |
| AAA | Northwest Texas, Independent School District, AMBAC, 0s, 2011 | 3,000 | 1,133,400 |
| AA | State of Texas, 7.625s, 2018 | 14,405 | 15,703,754 |
| AA | State of Wisconsin, 8.1s, 2018 | 7,115 | 7,773,991 |
| AA | State of Wisconsin, 7.6s, 2020 | 2,865 | 2,998,309 |
| | | | ----- |
| | | | \$ 46,414,725 |
| ----- | | | |
| State and Local Appropriation - 3.2% | | | |
| A+ | Indianapolis, IN, Local Public Improvement Bond Bank, 6.75s, 2020 | \$ 1,000 | \$ 1,019,460 |
| BBB+ | New York Dormitory Authority Rev. (City University), 7.5s, 2010 | 2,500 | 2,800,700 |
| BBB+ | New York Medical Care Facility, Financial Agency Rev., 8.875s, 2007 | 770 | 843,374 |
| BBB+ | New York Medical Care Facility, Financial Agency Rev., 7.875s, 2008 | 745 | 814,427 |
| BBB+ | New York Medical Care Facility, Financial Agency Rev., 7.875s, 2020 | 2,580 | 2,808,072 |
| BBB+ | New York Medical Care Facility, Financial Agency Rev., 7.5s, 2021 | 540 | 581,678 |
| BBB | New York Urban Development Corp. (State Facilities), 7.5s, 2011 | 2,500 | 2,694,550 |
| AAA | Philadelphia, PA, Regional Port Authority Lease Rev., MBIA, MVRIC, 8.87s, 2020* | 2,500 | 2,539,125 |
| | | | ----- |
| | | | \$ 14,101,386 |
| ----- | | | |
| Refunded and Special Obligation - 20.3% | | | |
| AAA | Adams County, CO, Single Family Mortgage Rev., 8.875s, 2011 | \$ 2,510 | \$ 3,235,315 |
| NR | Chapel Hill, NC, Parking Facilities Rev. (Rosemary Street Project), 8.125s, 2013 | 960 | 1,113,801 |
| NR | Chapel Hill, NC, Parking Facilities Rev. (Rosemary Street Project), 8.25s, 2023 | 1,000 | 1,166,270 |
| AAA | Commonwealth of Massachusetts, 7.5s, 2007 | 1,990 | 2,262,173 |
| A+ | Commonwealth of Massachusetts, 7.5s, 2007 | 2,010 | 2,284,907 |
| NR | Dayton, OH, Special Facilities Rev. (Emery Air Freight), "A", 12.5s, 2009 | 1,000 | 1,176,010 |
| AAA | Henrico County, VA, Industrial Development Authority Rev., 7.34s, 2027* | 5,000 | 4,770,900 |
| NR | Illinois Education and Facilities Authority, 8.75s, 2015 | 1,440 | 1,493,338 |
| NR | Illinois Education and Facilities Authority, 8.75s, 2015 | 60 | 62,119 |

| | | | |
|------|--|----------|---------------|
| AA | Intermountain Power Agency, UT, Power Supply Rev., 7s, 2021 | 5,000 | 5,467,900 |
| AAA | Los Angeles, CA, Convention & Exhibition Center Authority, Certificates of Participation, 7.375s, 2018 | \$ 2,000 | 2,220,300 |
| NR | Massachusetts Health & Education Facilities Authority Rev. (Suffolk University), 8s, 2010 | 1,000 | 1,141,650 |
| NR | Massachusetts Health & Education Facilities Authority Rev. (Youville Hospital), 9.1s, 2015 | 915 | 966,834 |
| AAA | Massachusetts Water Resources Authority, 7.625s, 2014 | 3,200 | 3,616,480 |
| AAA | New York Local Government Assistance Corp., 7.25s, 2018 | 2,750 | 3,107,473 |
| A- | New York, NY, Pre-Refunded, "A", 8.25s, 2010 | 2,165 | 2,562,472 |
| A- | New York, NY, Pre-Refunded, "A", 8.25s, 2018 | 2,970 | 3,459,307 |
| AAA | New York Medical Care Facility, Financial Agency Rev., 8.875s, 2007 | 680 | 756,670 |
| AAA | New York Medical Care Facility, Financial Agency Rev., 7.875s, 2008 | 670 | 771,458 |
| BBB+ | New York Medical Care Facility, Financial Agency Rev., 7.75s, 2020 | 1,030 | 1,169,278 |
| AAA | New York Medical Care Facility, Financial Agency Rev., 7.875s, 2020 | 3,565 | 4,104,848 |
| AAA | New York Medical Care Facility, Financial Agency Rev., 7.75s, 2021 | 1,460 | 1,665,042 |
| NR | New York Urban Development Corp. (Correctional Facilities), 7.75s, 2014 | 5,000 | 5,663,100 |
| NR | New York Urban Development Corp Rev., 7.3s, 2008 | 2,340 | 2,670,548 |
| A- | Pennsylvania Industrial Development Authority Rev., 7s, 2011 | 7,000 | 7,784,210 |
| AAA | Philadelphia, PA, Municipal Authority Rev., 7s, 2004 | 2,000 | 2,245,380 |
| NR | Texas Turnpike Authority Rev. (Houston Ship Channel Bridge), 0s, 2020 | 3,000 | 3,979,920 |
| AAA | Washington County, PA, Authority Lease Rev., 7.45s, 2018 | 1,200 | 1,360,645 |
| AAA | Washington Public Power Supply System Rev., Nuclear Project #1, 14.375s, 2001 | 1,000 | 1,345,870 |
| AAA | Washington Public Power Supply System Rev., Nuclear Project #1, 7.25s, 2015 | 3,350 | 3,694,480 |
| AAA | Washington Public Power Supply System Rev., Nuclear Project #2, 7.375s, 2012 | 5,355 | 6,003,222 |
| AA | Washington Public Power Supply System Rev., Nuclear Project #3, 7.25s, 2015 | 5,000 | 5,514,150 |
| BBB+ | West Virginia Water Development Authority, 8.625s, 2028 | 1,000 | 1,134,490 |
| BBB+ | West Virginia Water Development Authority, 8.125s, 2029 | 1,000 | 1,118,340 |
| | | | ----- |
| | | | \$ 91,088,900 |

| | | | |
|-----|--|-----------|--------------|
| AAA | Single Family Housing Revenue - 9.2% Berkeley, Brookes, & Fayette Counties, WV, MBIA, 0s, 2016 | \$ 14,000 | \$ 1,415,540 |
| AAA | Chicago, IL, Residential Mortgage Rev., 0s, 2009 | 7,000 | 2,495,360 |
| BB | Cook County, IL, Single Family Housing, 0s, 2015 | 14,745 | 1,625,637 |
| NR | De Kalb, IL, Single Family Mortgage Rev., 7.45s, 2009 | 280 | 295,898 |
| NR | Delaware Housing Authority Rev., 9.125s, 2018 | 915 | 953,192 |
| BB | Harris County, TX, Housing Finance Corp., 9.625s, 2003 | 285 | 285,043 |
| BB | Harris County, TX, Housing Finance Corp., 9.875s, 2014 | 505 | 505,080 |
| A+ | Illinois Housing Development Agency, 0s, 2016 | 8,785 | 954,841 |
| AAA | Kentucky Housing Corp., Housing Rev., FHA, 7.45s, 2023 | 6,280 | 6,610,453 |
| AAA | Louisiana Housing Finance Agency, Single Family Mortgage Rev., FGIC, 9.375s, 2015 | 310 | 320,628 |
| AA+ | Minnesota Housing Finance Agency, 9s, 2018 | 4,655 | 4,806,427 |
| NR | Mississippi Home Corp., Single Family Rev., 7.1s, 2023 | 870 | 899,388 |
| A+ | New Hampshire Housing Finance Authority, 7.2s, 2010 | 7,000 | 7,346,990 |
| A+ | New Hampshire Housing Finance Authority, 8.625s, 2013 | 755 | 789,172 |
| A+ | Tennessee Housing Development Agency, 8.25s, 2020 | 1,880 | 1,974,620 |

| | | | |
|-------|--|----------|---------------|
| A+ | Tennessee Housing Development Agency, 8.125s, 2021 | 2,145 | 2,241,868 |
| AA | Utah Housing Finance Agency, 8.625s, 2019 | 1,750 | 1,820,962 |
| AA | Utah Housing Finance Agency, 9.125s, 2019 | 195 | 203,470 |
| AA | Utah Housing Finance Agency, 9.25s, 2019 | 135 | 145,089 |
| A+ | West Virginia Housing Development Fund, 7.85s, 2014 | 5,470 | 5,733,763 |
| | | | ----- |
| | | | \$ 41,423,421 |
| ----- | | | |
| | Multi-Family Housing Revenue - 3.1% | | |
| BBB | Colorado Housing Finance Authority, 8.3s, 2023 | \$ 2,750 | \$ 2,896,768 |
| NR | Maryland Community Development Administration, 8.5s, 2028 | 3,000 | 3,125,670 |
| A+ | Pennsylvania Housing Finance Agency, 7.6s, 2013 | 1,000 | 1,073,540 |
| AA- | Vermont Housing Finance Agency, 8.375s, 2020 | 2,760 | 2,878,762 |
| A | Wisconsin Housing & Economic Development Authority, 7.2s, 2013 | 4,000 | 4,134,200 |
| | | | ----- |
| | | | \$ 14,108,940 |
| ----- | | | |
| | Insured Health Care Revenue - 3.1% | | |
| AAA | Clermont County, OH, Hospital Facilities Rev. (Mercy Health System), AMBAC, MVRIC, 9.991s, 2021* | \$ 1,500 | \$ 1,626,135 |
| AAA | Colorado Health Facilities Authority Rev. (PSL Health Systems), FSA, 7.25s, 2016 | 2,000 | 2,157,780 |
| AAA | Fredericksburg, VA, Industrial Development Authority, Hospital Facilities Rev., FGIC, INFLOS, 8.759s, 2023* | 1,500 | 1,597,785 |
| AAA | Jefferson County, KY, Hospital Rev. (Alliant Health System), INFLOS, MBIA, 8.38s, 2014* | 1,500 | 1,572,945 |
| AAA | Mississippi Hospital Equipment & Facilities Authority Rev. (Rush Medical Foundation), Connie Lee, 6.7s, 2018 | 1,000 | 1,027,200 |
| AAA | Rio Grande Valley, TX, Health Facilities Development Corp., MBIA, Short Rites, 7.72s, 2015*# | 2,800 | 2,841,749 |
| AAA | Tulsa, OK, Industrial Authority, Hospital Rev. (St. John's Medical Center), MBIA, 0s, 2006 | 6,430 | 3,283,929 |
| | | | ----- |
| | | | \$ 14,107,523 |
| ----- | | | |
| | Health Care Revenue - 4.6% | | |
| NR | Bell County, TX, Health Facilities Development Corp. (Advanced Living Technology), 10.5s, 2018 | \$ 2,000 | \$ 1,840,000 |
| BBB- | Bell County, TX, Health Facilities Development Corp. (Kings Daughters Hospital), 9.25s, 2008 | 1,720 | 1,901,649 |
| BBB | Colorado Health Facilities Authority Rev. (Rocky Mountain Adventist), 6.625s, 2013 | 1,000 | 955,600 |
| NR | Fulton County, GA, Residential Care Facilities, Elderly Authority Rev. (Lenbrook Square Foundation), 9.75s, 2017 | 480 | 497,045 |
| NR | Gadsden County, FL, Industrial Development Authority (RHA/FLA Properties), 10.45s, 2018 | 1,970 | 2,022,699 |
| | Health Care Revenue - continued | | |
| NR | Louisiana Public Facilities Authority (Southwest Medical Center), 11s, 2006 | \$ 1,655 | \$ 992,328 |
| A | Massachusetts Health & Educational Facilities Rev., 6.875s, 2022 | 6,000 | 6,050,880 |
| BBB+ | New York Medical Care Facilities Agency, Mental Health Services, 7.75s, 2020 | 1,025 | 1,102,336 |
| NR | Philadelphia, PA, Industrial Development Authority, 10.25s, 2018 | 1,980 | 2,042,747 |
| NR | Philadelphia, PA, Industrial Development Authority, 10.25s, 2018 | 1,485 | 1,529,535 |
| A | Torrance, CA, Hospital Rev., 6.875s, 2015 | 1,815 | 1,863,242 |
| | | | ----- |
| | | | \$ 20,798,061 |
| ----- | | | |
| | Electric and Gas Utility Revenue - 9.8% | | |
| AAA | Austin, TX, Utilities System Rev., AMBAC, 0s, 2010 | \$ 7,500 | \$ 2,944,875 |
| NR | Chelan County, WA, Public Utility District #1, Consolidated Rev., 9.3s, 2062 | 4,450 | 4,911,020 |

| | | | |
|-------|---|----------|---------------|
| AAA | Georgia Municipal Electric Authority, MBIA, 6.375s, 2016* | 2,000 | 2,085,240 |
| NR | Midland, MI, Environmental Development Authority, Pollution Control Rev. (Midland Cogeneration), 9.5s, 2009 | 2,000 | 2,139,000 |
| NR | Montana Board of Investment Resources Recovery Rev. (Yellowstone Energy), 7s, 2019 | 3,000 | 2,798,910 |
| AAA | Municipal Electric Authority, GA, Special Obligation, MBIA, 6.5s, 2020 | 7,350 | 7,712,796 |
| A- | North Carolina Eastern Municipal Power Agency, 7s, 2007 | 3,250 | 3,443,277 |
| AAA | Texas Municipal Power Agency Rev., 0s, 2011 | 5,930 | 2,220,192 |
| AAA | Texas Municipal Power Agency Rev., 0s, 2013 | 6,000 | 1,957,320 |
| AAA | Texas Municipal Power Agency Rev., 0s, 2014 | 10,435 | 3,203,023 |
| AA | Washington Public Power Supply System Rev., Nuclear Project #1, 0s, 2003 | 2,000 | 1,246,560 |
| AA | Washington Public Power Supply System Rev., Nuclear Project #1, 7s, 2011 | 4,050 | 4,228,564 |
| AA | Washington Public Power Supply System Rev., Nuclear Project #3, 0s, 2004 | 4,885 | 2,849,469 |
| AAA | Washington Public Power Supply Systems, Series "A", BIGI, 0s, 2013 | 4,000 | 1,288,120 |
| AAA | Washington Public Power Supply Systems, Series "A", BIGI, 0s, 2014 | 3,350 | 1,013,777 |
| | | | ----- |
| | | | \$ 44,042,143 |
| ----- | | | |
| | Water and Sewer Utility Revenue - 3.8% | | |
| AAA | Contra Costa, CA, Water District Rev., MBIA, 5.5s, 2019 | \$ 4,000 | \$ 3,687,080 |
| AAA | Harris County, TX, Flood Control District, FGIC, 0s, 2010 | 3,545 | 1,408,534 |
| A | Massachusetts Water Resources Authority, 6.5s, 2019 | 7,495 | 7,881,442 |
| AAA | Salt Lake County, UT, Water Conservancy District Rev., AMBAC, 0s, 2008 | 2,100 | 946,176 |
| AAA | Salt Lake County, UT, Water Conservancy District Rev., AMBAC, 0s, 2009 | 3,800 | 1,604,816 |
| A- | Union County, NJ, Utilities Authority Solid Waste, 7.2s, 2014 | 1,500 | 1,520,160 |
| | | | ----- |
| | | | \$ 17,048,208 |
| ----- | | | |
| | Turnpike Revenue - 3.4% | | |
| NR | Massachusetts Industrial Finance Agency, Tunnel Rev. (Mass. Turnpike), 9s, 2020 | \$ 2,900 | \$ 3,121,328 |
| AA- | Michigan Trunk Line, Series "A", 5.5s, 2021 | 5,000 | 4,626,700 |
| AA- | Michigan Trunk Line, Series "B", 5.5s, 2021 | 3,000 | 2,776,020 |
| A | New Jersey Turnpike Authority, Turnpike Rev., 6.5s, 2016 | 1,450 | 1,531,591 |
| NR | San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Rev., 0s, 2005 | 1,800 | 852,462 |
| NR | San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Rev., 0s, 2009 | 6,750 | 2,320,650 |
| | | | ----- |
| | | | \$ 15,228,751 |
| ----- | | | |
| | Airport and Port Revenue - 13.4% | | |
| BB+ | Chicago, IL, O'Hare International Airport, Special Facilities Rev. (AMR), 7.875s, 2025 | \$ 3,500 | \$ 3,608,430 |
| BB | Chicago, IL, O'Hare International Airport, Special Facilities Rev. (United Airlines), 8.4s, 2018 | 2,025 | 2,151,907 |
| BB | Chicago, IL, O'Hare International Airport, Special Facilities Rev. (United Airlines), 8.85s, 2018 | 2,950 | 3,269,573 |
| BB | Chicago, IL, O'Hare International Airport, Special Facilities Rev. (United Airlines), 8.85s, 2018 | 6,535 | 7,242,936 |
| NR | Cleveland, OH, Airport, Special Facilities Rev. (Continental Airlines), 9s, 2019 | 5,300 | 5,318,391 |
| AAA | Connecticut Airport Rev., FGIC, 7.65s, 2012 | 1,000 | 1,130,670 |
| BB+ | Dallas-Fort Worth, TX, International Airport Facilities (AMR), 7.5s, 2025 | 5,000 | 5,056,000 |

| | | | |
|-----|--|--------|---------------|
| BB | Denver, CO, City & County Airport Rev., 8.75s, 2023 | 4,750 | 5,234,785 |
| AAA | Hawaii Airport Systems Rev., FGIC, 7.5s, 2020 | 5,350 | 5,751,945 |
| BB | Kenton County, KY, Airport Board Special Facilities (Delta Airlines), 7.5s, 2020 | 1,000 | 1,018,640 |
| AAA | Metropolitan Washington District of Columbia Airports Authority, FGIC, 7.25s, 2010 | 4,000 | 4,324,480 |
| NR | St. Augustine, FL, Airport Authority (Grumman Repair Facility), 11s, 2004 | 500 | 536,500 |
| BB+ | Tulsa, OK, Municipal Airport Trust Rev. (AMR), 7.375s, 2020 | 12,000 | 12,132,360 |
| A+ | Virginia Port Authority, 8.2s, 2008 | 3,000 | 3,316,080 |
| | | | ----- |
| | | | \$ 60,092,697 |

Industrial Revenue (Corporate Guarantee) - 7.2%

| | | | |
|-----|---|----------|---------------|
| BBB | Brazos River Authority, TX, Pollution Control Rev. (Texas Utilities), 9.875s, 2017 | \$ 8,890 | \$ 9,770,910 |
| BBB | Brazos River Authority, TX, Pollution Control Rev. (Texas Utilities), 9.25s, 2018 | 1,000 | 1,090,620 |
| A+ | Burke County, GA, Pollution Control Rev. (Georgia Power Co./Vogtle Project), 9.375s, 2017 | 2,650 | 2,945,582 |
| NR | Burns Harbor, IN, Solid Waste Disposal Facilities Rev. (Bethlehem Steel), 8s, 2024 | 3,000 | 3,065,460 |
| A | Charleston County, SC, Resource Recovery Rev. (Foster Wheeler), 9.25s, 2010 | 3,200 | 3,523,840 |
| AA- | Chicago, IL, Gas Supply Rev. (People's Gas), 8.1s, 2020 | 2,000 | 2,230,820 |
| A- | Erie County, PA (International Paper), 7.875s, 2016 | 1,200 | 1,289,148 |
| A- | Matagorda County, TX, Pollution Control Rev. (Central Power & Light), 7.875s, 2016 | 1,500 | 1,582,485 |
| NR | Port of New Orleans, LA (Avondale Industries), 8.5s, 2014 | 2,000 | 2,088,560 |
| BB- | Port of New Orleans, LA (Continental Grain Co.), 7.5s, 2013 | 1,000 | 1,015,170 |
| NR | San Joaquin Hills, CA, Transportation Corridor Agency, 0s, 2004 | 3,000 | 1,534,050 |
| BBB | West Side Calhoun County, TX, Navigation District, 8.2s, 2021 | 2,000 | 2,196,880 |
| | | | ----- |
| | | | \$ 32,333,525 |

Universities - 0.4%

| | | | |
|-----|---|----------|--------------|
| AA- | Michigan State University Rev., 5.5s, 2022 | \$ 2,000 | \$ 1,821,340 |
|-----|---|----------|--------------|

Miscellaneous Revenue - 6.6%

| | | | |
|------|---|----------|---------------|
| NR | Atlanta, GA, Downtown Development Authority, 11.5s, 2015**** | \$ 1,055 | \$ 316,548 |
| NR | Bristol, CT, Resource Recovery Facilities, 6.5s, 2014## | 8,000 | 7,624,560 |
| NR | Crystal City, TX, Lease Obligations, 10.5s, 2008+ | 1,252 | 1,197,172 |
| BBB- | Greater Detroit, MI, Resource Recovery Authority, 9.25s, 2008 | 2,130 | 2,224,785 |
| AAA | Illinois Dedicated Tax, Civic Center, AMBAC, 0s, 2016 | 5,000 | 1,285,100 |
| NR | Martha's Vineyard, MA, Land Bank, 8.125s, 2011 | 1,900 | 1,929,698 |
| NR | Maryland Energy Financing Administration (Solid Waste), 9s, 2016 | 4,000 | 3,995,480 |
| NR | Massachusetts Health & Education Facilities Authority Rev. (Learning Center for Deaf Children), 9.25s, 2014 | 1,000 | 1,069,290 |
| NR | Pittsylvania County, VA, Industrial Development Authority Rev., 7.5s, 2014 | 6,000 | 6,072,780 |
| NR | Retema, TX, Special Facilities Rev. (Retema Park Racetrack Project), 8.75s, 2018 | 4,000 | 3,899,400 |
| | | | ----- |
| | | | \$ 29,614,813 |

| | | | |
|--|--|--|---------------|
| | Total Municipal Bonds | | \$448,023,193 |
| | Total Investments (Identified Cost, \$420,651,437) | | \$448,023,193 |
| | Other Assets, Less Liabilities - 0.3% | | 1,148,279 |
| | Net Assets - 100.0% | | \$449,171,472 |

+Restricted security.

++Security valued by or at the direction of the Trustees.

*Inverse floating rate security.
 **Non-income producing security - in default.
 #Indexed security.
 ##When-issued security. At March 31, 1995, the Fund had sufficient cash and/or securities at least equal to the value of the when-issued security.

See notes to financial statements

FINANCIAL STATEMENTS

Statement of Assets and Liabilities

March 31, 1995

| | |
|--|---------------|
| Assets: | |
| Investments, at value (identified cost, \$420,651,437) | \$448,023,193 |
| Cash | 56,499 |
| Receivable for investments sold | 2,492,940 |
| Receivable for Fund shares sold | 237,809 |
| Interest receivable | 8,910,475 |
| Other assets | 6,957 |
| | ----- |
| Total assets | \$459,727,873 |
| | ----- |
| Liabilities: | |
| Distributions payable | \$ 877,910 |
| Payable for when-issued investments purchased | 8,000,000 |
| Payable for Fund shares reacquired | 1,461,848 |
| Payable to affiliates - | |
| Management fee | 9,525 |
| Shareholder servicing agent fee | 2,650 |
| Distribution fee | 11,662 |
| Accrued expenses and other liabilities | 192,806 |
| | ----- |
| Total liabilities | \$ 10,556,401 |
| | ----- |
| Net assets | \$449,171,472 |
| | ----- |
| Net assets consist of: | |
| Paid-in capital | \$433,004,620 |
| Unrealized appreciation on investments | 27,371,756 |
| Accumulated net realized loss on investments | (10,520,735) |
| Accumulated distributions in excess of net investment income | (684,169) |
| | ----- |
| Total | \$449,171,472 |
| | ----- |
| Shares of beneficial interest outstanding | 52,435,142 |
| | ----- |

Class A shares:

| | |
|--|--------|
| Net asset value and redemption price per share (net assets of \$25,270,127 / 2,952,479 shares of beneficial interest outstanding) | \$8.56 |
| | ---- |
| Offering price per share (100/95.25) | \$8.99 |
| | ---- |

Class B shares:

| | |
|--|--------|
| Net asset value, offering price, and redemption price per share (net assets of \$412,965,394 / 48,206,602 shares of beneficial interest outstanding) | \$8.57 |
| | ---- |

Class C shares:

| | |
|--|--------|
| Net asset value, offering price, and redemption price per share (net assets of \$10,935,951 / 1,276,061 shares of beneficial interest outstanding) | \$8.57 |
| | ---- |

On sales of \$100,000 or more, the offering price of Class A shares is reduced. A contingent deferred sales charge may be imposed on redemptions of Class A and Class B shares.

See notes to financial statements

FINANCIAL STATEMENTS

Statement of Operations

Year Ended March 31, 1995

| | |
|------------------------|--------------|
| Net investment income: | |
| Interest income | \$33,848,466 |
| | ----- |
| Expenses - | |
| Management fee | \$ 3,545,246 |

| | |
|---|-----------|
| Trustees' compensation | 40,748 |
| Shareholder servicing agent fee (Class A) | 13,323 |
| Shareholder servicing agent fee (Class B) | 977,825 |
| Shareholder servicing agent fee (Class C) | 14,272 |
| Distribution and service fee (Class B) | 4,444,656 |
| Distribution and service fee (Class C) | 95,149 |
| Custodian fee | 173,858 |
| Printing | 84,123 |
| Auditing fees | 60,684 |
| Postage | 43,309 |
| Legal fees | 26,048 |
| Miscellaneous | 373,477 |

Total expenses \$ 9,892,718

Net investment income \$23,955,748

Realized and unrealized gain (loss) on investments:

| | |
|--|----------------|
| Realized gain (loss) (identified cost basis) - | |
| Investment transactions | \$ (9,519,481) |
| Futures contracts | 723,362 |

Net realized loss on investments \$ (8,796,119)

Change in unrealized appreciation (depreciation) -

| | |
|-------------------|--------------|
| Investments | \$ 8,378,273 |
| Futures contracts | (151,563) |

Net unrealized gain on investments \$ 8,226,710

Net realized and unrealized loss on investments \$ (569,409)

Increase in net assets from operations \$23,386,339

See notes to financial statements

FINANCIAL STATEMENTS - continued

<TABLE>
<CAPTION>
Statement of Changes in Net Assets

| | Year Ended March 31, 1995 | Four Months Ended March 31, 1994 | Year Ended November 30, 1993 |
|---|------------------------------|-------------------------------------|---------------------------------|
| <S> | <C> | <C> | <C> |
| Increase in net assets: | | | |
| From operations - | | | |
| Net investment income | \$ 23,955,748 | \$ 8,135,114 | \$ 24,569,248 |
| Net realized gain (loss) on investments | (8,796,119) | (1,579,438) | 2,174,746 |
| Net unrealized gain (loss) on investments | 8,226,710 | (21,759,776) | 19,852,443 |
| Increase (decrease) in net assets from operations | \$ 23,386,339 | \$ (15,204,100) | \$ 46,596,437 |
| Distributions declared to shareholders - | | | |
| From net investment income (Class A) | (551,579) | (24,388) | (2,142) |
| From net investment income (Class B) | (22,598,713) | (6,513,043) | (25,152,570) |
| From net investment income (Class C) | (491,715) | (36,953) | -- |
| In excess of net investment income (Class A) | -- | (444) | (150) |
| In excess of net investment income (Class B) | -- | (1,488,102) | (1,560,580) |
| In excess of net investment income (Class C) | -- | (1,021) | -- |
| From net realized gain on investments | -- | (320,243) | (5,237,004) |
| In excess of net realized gain on investments | (2,000) | (1,230,985) | -- |
| Total distributions declared to shareholders | (23,644,007) | (9,615,179) | (31,952,446) |
| Fund share (principal) transactions - | | | |
| Net proceeds from sale of shares | \$ 63,201,308 | \$ 31,229,236 | \$118,919,014 |
| Net asset value of shares issued to shareholders in reinvestment of distributions | 12,855,706 | 5,241,616 | 18,199,816 |
| Cost of shares reacquired | (118,093,995) | (38,825,729) | (83,071,056) |
| Increase (decrease) in net assets from Fund share transactions | (42,036,981) | (2,354,877) | \$ 54,047,774 |
| Total increase (decrease) in net assets | (42,294,649) | (27,174,156) | \$ 68,691,765 |
| Net assets: | | | |
| At beginning of period | 491,466,121 | 518,640,277 | 449,948,512 |
| At end of period (including accumulated distributions in excess of net investment | | | |

income of \$(684,169), \$(1,489,567) and \$(1,560,730), respectively)

\$449,171,472

\$491,466,121

\$518,640,277

See notes to financial statements
</TABLE>

FINANCIAL STATEMENTS - continued

<TABLE>
<CAPTION>
Financial Highlights

| | Year Ended March 31, | | Year Ended November 30, | | Year Ended March 31, | | Year Ended November 30, | |
|--|-------------------------|-------------|----------------------------|-----------|-------------------------|-----------|----------------------------|-----|
| | 1995 | 1994<F1> | 1993<F2> | 1995 | 1994<F1> | 1993 | | |
| | Class A | | | Class B | | | | |
| Per share data (for a share outstanding throughout each period): | | | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Net asset value - beginning of period | \$ 8.56 | \$ 8.99 | \$ 9.15 | \$ 8.56 | \$ 8.99 | \$ 8.73 | | |
| Income from investment operations<F4> | | | | | | | | |
| Net investment income | \$ 0.50 | \$ 0.15 | \$ 0.12 | \$ 0.44 | \$ 0.14 | \$ 0.42 | | |
| Net realized and unrealized gain (loss) on investments | 0.02 | (0.51) | (0.16) | -- | (0.51) | 0.42 | | |
| Total from investment operations | \$ 0.52 | \$ (0.36) | \$ (0.04) | \$ 0.44 | \$ (0.37) | \$ 0.84 | | |
| Less distributions declared to shareholders -- | | | | | | | | |
| From net investment income | \$ (0.52) | \$ (0.02) | \$ (0.11) | \$ (0.43) | \$ (0.01) | \$ (0.45) | | |
| In excess of net investment income | -- | -- | (0.01) | -- | -- | (0.03) | | |
| From net realized gain on investments | -- | (0.01) | -- | -- | (0.01) | (0.10) | | |
| In excess of net realized gain on investments | --<F6> | (0.04) | -- | -- | (0.04) | -- | | |
| Total distributions declared to shareholders | \$ (0.52) | \$ (0.07) | \$ (0.12) | \$ (0.43) | \$ (0.06) | \$ (0.58) | | |
| Net asset value - end of period | \$ 8.56 | \$ 8.56 | \$ 8.99 | \$ 8.57 | \$ 8.56 | \$ 8.99 | | |
| Total Return<F5> | 6.33% | (7.90)%<F3> | (1.80)%<F3> | 5.32% | (8.97)%<F3> | 9.95% | | |
| Ratios (to average net assets)/Supplemental data: | | | | | | | | |
| Expenses | 1.13% | 1.07%<F3> | 0.76%<F3> | 2.16% | 2.24%<F3> | 2.11% | | |
| Net investment income | 6.20% | 5.31%<F3> | 4.94%<F3> | 5.15% | 4.74%<F3> | 4.92% | | |
| Portfolio turnover | 25% | 9% | 30% | 25% | 9% | 30% | | |
| Net assets at end of period (000 omitted) | \$25,270 | \$5,595 | \$ 461 | \$412,965 | \$479,478 | \$518,179 | | |

<FN>
<F1>For the four-month period ended March 31, 1994.
<F2>For the period from the commencement of offering of Class A shares, September 7, 1993 to November 30, 1993.
<F3>Annualized.
<F4>Per share data for the periods subsequent to November 30, 1993 are based on average shares outstanding.
<F5>Total returns for Class A shares do not include the applicable sales charge. If the charge had been included, the results would have been lower.
<F6>Distributions in excess of net realized gains were less than \$0.01 per share.

</TABLE>
See notes to financial statements

FINANCIAL STATEMENTS - continued

Financial Highlights - continued
<TABLE>
<CAPTION>

| | Year Ended November 30, | | | | | | Year Ended March 31, | |
|--|-------------------------|---------|---------|---------|---------|----------|-------------------------|----------|
| | 1992 | 1991 | 1990 | 1989 | 1988 | 1987<F4> | 1995 | 1994<F1> |
| | Class B | | | | | | Class C | |
| Per share data (for a share outstanding throughout each period): | | | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Net asset value - beginning of period | \$ 8.50 | \$ 8.25 | \$ 8.41 | \$ 8.11 | \$ 7.67 | \$ 8.47 | \$ 8.56 | \$ 9.07 |
| Income from investment operations<F3> - | | | | | | | | |
| Net investment income | \$ 0.47 | \$ 0.49 | \$ 0.49 | \$ 0.51 | \$ 0.50 | \$ 0.38 | \$ 0.44 | \$ 0.09 |
| Net realized and unrealized gain (loss) | | | | | | | | |

| | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-------------|-----------|--------------|
| on investments | 0.26 | 0.25 | (0.15) | 0.30 | 0.43 | (0.83) | 0.01 | (0.59) |
| Total from investment operations | \$ 0.73 | \$ 0.74 | \$ 0.34 | \$ 0.81 | \$ 0.93 | \$ (0.45) | \$ 0.45 | \$ (0.50) |
| Less distributions declared to shareholders - | | | | | | | | |
| From net investment income | \$ (0.48) | \$ (0.49) | \$ (0.50) | \$ (0.51) | \$ (0.49) | \$ (0.35) | \$ (0.44) | \$ (0.01) |
| In excess of net investment income | -- | -- | -- | -- | -- | -- | -- | -- |
| From paid-in capital | (0.02) | -- | -- | -- | -- | -- | -- | -- |
| Total distributions declared to shareholders | \$ (0.50) | \$ (0.49) | \$ (0.50) | \$ (0.51) | \$ (0.49) | \$ (0.35) | \$ (0.44) | \$ (0.01) |
| Net asset value - end of period | \$ 8.73 | \$ 8.50 | \$ 8.25 | \$ 8.41 | \$ 8.11 | \$ 7.67 | \$ 8.57 | \$ 8.56 |
| Total return | 8.82% | 9.21% | 4.18% | 10.24% | 12.53% | (5.79)%<F2> | 5.39% | (19.42)%<F2> |
| Ratios (to average net assets)/ | | | | | | | | |
| Supplemental data: | | | | | | | | |
| Expenses | 2.03% | 2.04% | 2.05% | 2.07% | 2.09% | 2.03%<F2> | 2.09% | 2.18%<F2> |
| Net investment income | 5.50% | 5.82% | 5.99% | 6.09% | 6.38% | 6.00%<F2> | 5.23% | 4.62%<F2> |
| Portfolio turnover | 52% | 73% | 91% | 127% | 171% | 138% | 25% | 9% |
| Net assets at end of period (000 omitted) | \$449,949 | \$409,084 | \$379,239 | \$343,887 | \$244,825 | \$183,935 | \$10,936 | \$ 6,393 |

<F1>For the period from the commencement of offering of Class C shares, January 3, 1994 to March 31, 1994.
<F2>Annualized.
<F3>Per share data for the periods subsequent to November 30, 1993 are based on average shares outstanding.
<F4>For the period from the commencement of investment operations, December 29, 1986 to November 30, 1987.
</TABLE>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

(1) Business and Organization

MFS Municipal Income Fund (the Fund) is a diversified series of MFS Municipal Series 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. During 1993 the Fund changed its year end from November 30 to March 31.

(2) Significant Accounting Policies

Investment Valuations - Debt securities (other than short-term obligations which mature in 60 days or less), including listed issues and forward contracts, are valued on the basis of valuations furnished by dealers or by a pricing service with consideration to factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data, without exclusive reliance upon exchange or over-the-counter prices. Short-term obligations, which mature in 60 days or less, are valued at amortized cost, which approximates value. Futures contracts, options and options on futures contracts listed on commodities exchanges are valued at closing settlement prices. Over-the-counter options are valued by brokers through the use of a pricing model which takes into account closing bond valuations, implied volatility and short-term repurchase rates. Securities for which there are no such quotations or valuations are valued at fair value as determined in good faith by or at the direction of the Trustees.

Repurchase Agreements - The Fund may enter into repurchase agreements with institutions that the Fund's investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. The Fund requires that the securities purchased in a repurchase transaction be transferred to the custodian in a manner sufficient to enable the Fund to obtain those securities in the event of a default under the repurchase agreement. The Fund monitors, on a daily basis, the value of the securities transferred to ensure that the value, including accrued interest, of the securities under each repurchase agreement is greater than amounts owed to the Fund under each such repurchase agreement.

Written Options - The Fund may write covered call or put options for which premiums are received and are recorded as liabilities, and are subsequently adjusted to the current value of the options written. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or are closed are offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the security purchased by the Fund. The Fund, as writer of an option, may have no control over whether the underlying security may be sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the securities underlying the written option. In general, written call options may serve as a partial hedge against decreases in value in the underlying securities to the extent of the premium received. Written options may also be used as a part of an income-producing strategy reflecting the view of the Fund's management on the direction of interest rates.

Futures Contracts - The Fund may enter into financial futures contracts for the delayed delivery of securities at a fixed price on a future date. In entering such contracts, the Fund is required to deposit either in cash or securities an amount equal to a certain percentage of the contract amount. Subsequent payments are made or received by the Fund each day, depending on the daily fluctuations in the value of the underlying security, and are recorded for financial statement purposes as unrealized gains or losses by the Fund. The Fund's investment in financial futures contracts is designed to hedge against anticipated future changes in interest rates or securities prices or for non-hedging purposes. For example, interest rate futures may be used in modifying the duration of the portfolio without incurring the additional transaction costs involved in buying and selling the underlying securities. Should interest rates or securities prices move unexpectedly, the Fund may not achieve the anticipated benefits of the financial futures contracts and may realize a loss.

Security Loans - The Fund may lend its securities to member banks of the Federal Reserve System and to member firms of the New York Stock Exchange or subsidiaries thereof. The loans are collateralized at all times by cash or securities with a market value at least equal to the market value of securities loaned. As with other extensions of credit, the Fund may bear the risk of delay in recovery or even loss of rights in the collateral should the borrower of the securities fail financially. The Fund receives compensation for lending its securities in the form of fees or from all or a portion of the income from investment of the collateral. The Fund would also continue to earn income on the securities loaned. At March 31, 1995, the Fund had no securities on loan.

Investment Transactions and Income - Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. All premium and original issue discount are amortized or accreted for both financial statement and tax reporting purposes as required by federal income tax regulations. Interest payments received in additional securities are recorded on the ex-interest date in an amount equal to the value of the security on such date.

The Fund uses the effective interest method for reporting interest income on payment-in-kind (PIK) bonds, whereby interest income on PIK bonds is recorded ratably by the Fund at a constant yield to maturity. Legal fees and other related expenses incurred to preserve and protect the value of a security owned are added to the cost of the security; other legal fees are expensed. Capital infusions, which are generally non-recurring, incurred to protect or enhance the value of high-yield debt securities, are reported as an addition to the cost basis of the security. Costs that are incurred to negotiate the terms or conditions of capital infusions or that are expected to result in a plan of reorganization are considered workout expenses and are reported as realized losses. Ongoing costs incurred to protect or enhance an investment, or costs incurred to pursue other claims or legal actions, are reported as operating expenses.

Tax Matters and Distributions - The Fund's policy is to comply with the provisions of the Internal Revenue Code (the Code) applicable to regulated investment companies and to distribute to shareholders all of its net taxable income, including any net realized gain on investments. Accordingly, no provision for federal income or excise tax is provided. The Fund files a tax return annually using tax accounting methods required under provisions of the Code which may differ from generally accepted accounting principles, the basis on which these financial statements are prepared. Accordingly, the amount of net investment income and net realized gain reported on these financial statements may differ from that reported on the Fund's tax return and, consequently, the character of distributions to shareholders reported in the financial highlights may differ from that reported to shareholders on Form 1099-DIV. Distributions to shareholders are recorded on the ex-dividend date.

Distributions paid by the Fund from net interest received on tax-exempt municipal bonds are not includable by shareholders as gross income for federal income tax purposes because the Fund intends to meet certain requirements of the Code applicable to regulated investment companies, which will enable the Fund to pay exempt-interest dividends. That portion of such interest, if any, earned on private activity bonds issued after August 7, 1986, may be considered a tax preference item to shareholders.

The Fund distinguishes between distributions on a tax basis and a financial reporting basis and requires that only distributions in excess of tax basis earnings and profits are reported in the financial statements as a return of capital. Differences in the recognition or classification of income between the financial statements and tax earnings and profits which result in temporary over-distributions for financial statement purposes, are classified as distributions in excess of net investment income or accumulated net realized gains. During the year ended March 31, 1995, \$491,631 and \$26 were reclassified from accumulated undistributed net realized gain on investments and paid-in capital, respectively, to accumulated net investment income due to differences between book and tax accounting. This change had no effect on the net assets or net asset value per share.

Multiple Classes of Shares of Beneficial Interest - The Fund offers Class A, Class B and Class C shares. Class A and Class C shares were first offered to the

public on September 7, 1993 and January 3, 1994, respectively. The three classes of shares differ in their respective shareholder servicing agent, distribution and service fees. Shareholders of each class also bear certain expenses that pertain only to that particular class. All shareholders bear the common expenses of the Fund pro rata based on the average daily net assets of each class, without distinction between share classes. Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses, including distribution and shareholder service fees.

(3) Transactions with Affiliates

Investment Adviser - The Fund has an investment advisory agreement with Massachusetts Financial Services Company (MFS) to provide overall investment advisory and administrative services, and general office facilities. Prior to September 1, 1993, Lifetime Advisors, Inc. (LAI), a wholly owned subsidiary of MFS, was the investment adviser for the Fund. The management fee, computed daily and paid monthly at an effective annual rate of 0.30% of average daily net assets and 6.43% of investment income, amounted to \$3,545,246 for the year ended March 31, 1995.

The Fund pays no compensation directly to its Trustees who are officers of the investment adviser, or to officers of the Fund, all of whom receive remuneration for their services to the Fund from MFS. Certain of the officers and Trustees of the Fund are officers or directors of LAI, MFS, MFS Fund Distributors, Inc. (MFD) and MFS Service Center, Inc. (MFSC). The Fund has an unfunded defined benefit plan for all its independent Trustees. Included in Trustees' compensation is a net periodic pension expense of \$11,398 for the year ended March 31, 1995.

Distributor - MFD, a wholly owned subsidiary of MFS, as distributor, received \$9,957 as its portion of the sales charge on sales of Class A shares of the Fund. The Trustees have adopted separate distribution plans for Class A, Class B and Class C shares pursuant to Rule 12b-1 of the Investment Company Act of 1940 as follows:

The Class A Distribution Plan provides that the Fund will pay MFD up to 0.35% per annum of its average daily net assets attributable to Class A shares in order that MFD may pay expenses on behalf of the Fund related to the distribution and servicing of its shares. These expenses include a service fee to each securities dealer that enters into a sales agreement with MFD of up to 0.25% per annum of the Fund's average daily net assets attributable to Class A shares which are attributable to that securities dealer, a distribution fee to MFD of up to 0.10% per annum of the Fund's average daily net assets attributable to Class A shares, commissions to dealers and payments to MFD wholesalers for sales at or above a certain dollar level, and other such distribution-related expenses that are approved by the Fund. Payments will commence under the distribution plan on such date that the net assets of the Fund attributable to Class A shares first equals or exceeds \$40 million.

The Class B and Class C Distribution Plans provide that the Fund will pay MFD a monthly distribution fee, equal to 0.75% per annum, and a quarterly service fee of up to 0.25% per annum, of the Fund's average daily net assets attributable to Class B and Class C shares. MFD will pay to securities dealers that enter into a sales agreement with MFD, all or a portion of the service fee attributable to Class B and Class C shares, and will pay to such securities dealers all of the distribution fee attributable to Class C shares. The service fee is intended to be additional consideration for services rendered by the dealer with respect to Class B and Class C shares. Fees incurred under the distribution plans during the year ended March 31, 1995 were 1.00% of average daily net assets attributable to Class B and Class C shares on an annualized basis and amounted to \$4,444,656 and \$95,149, respectively (of which MFD retained \$68,521 and \$4,741, respectively).

A contingent deferred sales charge is imposed on shareholder redemptions of Class A shares, on purchases of \$1 million or more, in the event of a shareholder redemption within twelve months following the share purchase. A contingent deferred sales charge is imposed on shareholder redemptions of Class B shares in the event of a shareholder redemption within six years of purchase. MFD receives all contingent deferred sales charges. Contingent deferred sales charges imposed during the year ended March 31, 1995 were \$708,357 for Class B shares.

Shareholder Servicing Agent - MFSC, a wholly owned subsidiary of MFS, earned \$13,323, \$977,825 and \$14,272 for Class A, Class B and Class C shares, respectively, for its services as shareholder servicing agent. The fee is calculated as a percentage of the average daily net assets of each class of shares at an effective annual rate of up to 0.15%, up to 0.22% and up to 0.15% attributable to Class A, Class B and Class C shares, respectively.

(4) Portfolio Securities

Purchases and sales of investments, other than U.S. government securities, purchased option transactions and short-term obligations, aggregated \$116,193,500 and \$155,479,893, respectively.

The cost and unrealized appreciation or depreciation in value of the investments owned by the Fund, as computed on a federal income tax basis, are as follows:

| | |
|-------------------------------|---------------|
| Aggregate cost | \$420,651,437 |
| Gross unrealized appreciation | \$ 29,459,510 |
| Gross unrealized depreciation | (2,087,754) |
| Net unrealized appreciation | \$ 27,371,756 |

At March 31, 1995, the Fund, for federal income tax purposes, had a capital loss carryforward of (\$7,934,343), which may be applied against any net taxable realized gains of each succeeding year until the earlier of its utilization or expiration on March 31, 2002 (\$1,415,952) and March 31, 2003 (\$6,518,391).

(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 (without par value). Transactions in Fund shares were as follows:

<TABLE>

<CAPTION>

Class A Shares

| | Year Ended March 31, 1995 | | Year Ended March 31, 1994<F1> | | Period Ended November 30, 1993<F2> | |
|--|------------------------------|---------------|----------------------------------|--------------|---------------------------------------|------------|
| | Shares | Amount | Shares | Amount | Shares | Amount |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Shares sold | 2,767,565 | \$ 23,341,811 | 766,727 | \$ 6,792,015 | 51,270 | \$ 466,122 |
| Shares issued to shareholders in reinvestment of distributions | 17,884 | 151,011 | 1,368 | 12,126 | 134 | 1,211 |
| Shares reacquired | (486,722) | (4,100,978) | (165,634) | (1,507,352) | (113) | (1,021) |
| Net increase | 2,298,727 | \$ 19,391,844 | 602,461 | \$ 5,296,789 | 51,291 | \$ 466,312 |

<CAPTION>

Class B Shares

| | Year Ended March 31, 1995 | | Year Ended March 31, 1994<F1> | | Year Ended November 30, 1993 | |
|--|------------------------------|-----------------|----------------------------------|-----------------|---------------------------------|---------------|
| | Shares | Amount | Shares | Amount | Shares | Amount |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Shares sold | 3,236,637 | \$ 27,296,462 | 1,771,398 | \$ 16,008,151 | 13,299,141 | \$118,452,892 |
| Shares issued to shareholders in reinvestment of distributions | 1,465,533 | 12,377,112 | 581,143 | 5,207,213 | 2,056,699 | 18,198,605 |
| Shares reacquired | (12,503,667) | (105,578,609) | (3,964,973) | (35,578,939) | (9,277,213) | (83,070,035) |
| Net increase (decrease) | (7,801,497) | \$ (65,905,035) | (1,612,432) | \$ (14,363,575) | 6,078,627 | \$ 53,581,462 |

<CAPTION>

Class C Shares

| | Year Ended March 31, 1995 | | Year Ended March 31, 1994<F3> | |
|--|------------------------------|---------------|----------------------------------|--------------|
| | Shares | Amount | Shares | Amount |
| <S> | <C> | <C> | <C> | <C> |
| Shares sold | 1,490,674 | \$ 12,563,035 | 940,881 | \$ 8,429,070 |
| Shares issued to shareholders in reinvestment of distributions | 38,763 | 327,583 | 2,564 | 22,277 |
| Shares reacquired | (999,873) | (8,414,408) | (196,948) | (1,739,438) |
| Net increase | 529,564 | \$ 4,476,210 | 746,497 | \$ 6,711,909 |

<FN>

<F1>For the four months ended March 31, 1994.

<F2>For the period from the commencement of offering of Class A shares, September 7, 1993 to November 30, 1993.

<F3>For the period from the commencement of offering of Class C shares, January 3, 1994 to March 31, 1994.

</TABLE>

(6) Line of Credit

The Fund entered into an agreement which enables it to participate with other funds managed by MFS, or an affiliate of MFS, in an unsecured line of credit with a bank which permits borrowings up to \$350 million, collectively. Borrowings may be made to temporarily finance the repurchase of Fund shares.

Interest is charged to each fund, based on its borrowings, at a rate equal to the bank's base rate. In addition, a commitment fee, based on the average daily unused portion of the line of credit, is allocated among the participating funds at the end of each quarter. The commitment fee allocated to the Fund for the year ended March 31, 1995 was \$7,371.

(7) Financial Instruments

The Fund invests in indexed securities whose value may be linked to interest rates, commodities, indices or other financial indicators. Indexed securities are fixed-income securities whose proceeds at maturity (principal-indexed securities) or interest rates (coupon-indexed securities) rise and fall according to the change in one or more specified underlying instruments. Indexed securities may be more volatile than the underlying instrument itself. The following is a summary of such securities held at March 31, 1995:

Coupon-Indexed Securities

| Description | Index | Principal (000 Omitted) | Value | Unrealized Appreciation |
|--|------------|----------------------------|-------------|----------------------------|
| Rio Grande Valley, TX, Health Facilities Development Corp., 7.72s, 2015 | J.J. Kenny | \$2,800 | \$2,841,749 | \$74,985 |

(8) Restricted Securities

The Fund may invest not more than 15% of its total assets in securities which are subject to legal or contractual restrictions on resale. At March 31, 1995, the Fund owned the following restricted security (constituting 0.27% of net assets) which may not be publicly sold without registration under the Securities Act of 1933. The Fund does not have the right to demand that such security be registered. The value of this security is determined by valuations supplied by a pricing service or brokers. This security may be offered to "qualified institutional buyers" under Rule 144A of the 1933 Act.

| Description | Date of Acquisition | Par Amount (000 Omitted) | Cost | Value |
|--|------------------------|-----------------------------|-----------|-------------|
| Crystal City, TX, Lease Obligations, 10.5s, 2008 | 5/25/88 | \$1,252 | \$948,056 | \$1,197,172 |

INDEPENDENT AUDITORS' REPORT

To the Trustees of MFS Municipal Series Trust and Shareholders of MFS Municipal Income Fund: We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of MFS Municipal Income Fund (one of the series constituting MFS Municipal Series Trust) as of March 31, 1995, the related statement of operations for the year then ended, the statement of changes in net assets for the year ended March 31, 1995, the four months ended March 31, 1994 and the year ended November 30, 1993, and the financial highlights for the year ended March 31, 1995, the four months ended March 31, 1994 and each of the years in the seven-year period ended November 30, 1993. 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 generally accepted auditing standards. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of the securities owned at March 31, 1995 by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights present fairly, in all material respects, the financial position of MFS Municipal Income Fund at March 31, 1995, the results of its operations, the changes in its net assets, and its financial highlights for the respective stated periods in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Boston, Massachusetts
May 5, 1995

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

MFS MUNICIPAL
INCOME FUND

500 Boylston Street
Boston, MA 02116

MFS (SM)
THE FIRST NAME IN MUTUAL FUNDS

Bulk Rate
U.S. Postage
P A I D
Permit #55638
Boston, MA

MMI-2 5/95 21.5M 02/202/302

PART C

ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS

(A) FINANCIAL STATEMENTS INCLUDED IN PART A:

MFS MUNICIPAL INCOME FUND

For the period from commencement of investment operations on
December 29, 1986 to March 31, 1995:
Financial Highlights

FINANCIAL STATEMENTS INCLUDED IN PART B:

MFS MUNICIPAL INCOME FUND

At March 31, 1995:
Portfolio of Investments*
Statement of Assets and Liabilities*

For the year ended November 30, 1993, the four-month period
ended March 31, 1994 and for the year ended March 31, 1995:
Statement of Changes in Net Assets*

For the year ended March 31, 1995:
Statement of Operations*

* Incorporated herein by reference to the Funds' Annual Report to
Shareholders dated March 31, 1995 which was filed with the Securities and
Exchange Commission ("SEC") on May 25, 1995.

(B) EXHIBITS

- 1 Amended and Restated Declaration of Trust, dated February 3,
1995. (1)
- 2 Amended and Restated By-Laws, dated December 14, 1994. (1)
- 3 Not Applicable.
- 4 Form of Share Certificate for Class A, B and C Shares; filed
herewith.
- 5 (a) Investment Advisory Agreement, dated August 24, 1984 for
all series other than Arkansas, California, Florida,
Louisiana, Mississippi, Pennsylvania, Texas, Washington,

- and MFS Municipal Income Fund; filed herewith.
- (b) Investment Advisory Agreement, dated February 1, 1992, for the MFS Arkansas Municipal Bond Fund; filed herewith.
 - (c) Investment Advisory Agreement, dated February 1, 1992, for the MFS Florida Municipal Bond Fund; filed herewith.
 - (d) Investment Advisory Agreement, dated February 1, 1992, for the MFS Texas Municipal Bond Fund; filed herewith.
 - (e) Investment Advisory Agreement, dated August 1, 1992, for the MFS Mississippi Municipal Bond Fund; filed herewith.
 - (f) Investment Advisory Agreement, dated August 1, 1992, for the MFS Washington Municipal Bond Fund; filed herewith.
 - (g) Investment Advisory Agreement, dated February 1, 1993, for MFS Louisiana Municipal Bond Fund; filed herewith.
 - (h) Investment Advisory Agreement, dated February 1, 1993, for MFS Pennsylvania Municipal Bond Fund; filed herewith.
 - (i) Investment Advisory Agreement, dated September 1, 1993, for MFS California Municipal Bond Fund; filed herewith.
 - (j) Investment Advisory Agreement, dated September 1, 1993, for the MFS Municipal Income Fund; filed herewith.
- 6 (a) Amended and Restated Distribution Agreement for the MFS Municipal Series Trust, dated January 1, 1995. (1)
- (b) Form of Dealer Agreement between MFS Financial Services, Inc. and a dealer, dated December 28, 1994, and form of Mutual Fund Agreement between MFS Financial Services, Inc. and a bank or NASD affiliate, dated December 28, 1994. (1)
- 7 Retirement Plan for Non-Interested Person Trustees, dated January 1, 1991; filed herewith.
- 8 (a) Custodian Agreement, dated June 15, 1988; filed herewith.
- (b) Amendment to Custodian Agreement, dated June 15, 1988; filed herewith.
 - (c) Amendment to Custodian Agreement, dated August 9, 1989; filed herewith.
 - (d) Amendment to Custodian Agreement, dated October 1, 1989; filed herewith.
 - (e) Amendment No. 3 to the Custodian Agreement, dated October 9, 1991; filed herewith.
- 9 (a) Shareholder Servicing Agent Agreement, dated August 1, 1985; filed herewith.
- (b) Amendment to Shareholder Servicing Agreement, dated December 28, 1993. (2)
 - (c) Exchange Privilege Agreement, dated September 1, 1993; filed herewith.
 - (d) Loan Agreement by and among The Banks Named Therein, The MFS Funds Named Therein, and The First National Bank of Boston as Agent, dated February 21, 1995. (3)
 - (e) Dividend Disbursing Agency Agreement, dated February 1, 1986; filed herewith.
- 10 24e-2 Opinion of Counsel. (2)
- 11 Consent of Deloitte & Touche LLP - MFS Municipal Income Fund; filed herewith.
- 12 Not Applicable.
- 13 Investment Representation Letter; filed herewith.
- 14 Not Applicable.
- 15 (a) Amended and Restated Distribution Plan for Class A

- shares and Plan of Distribution for Class B shares for MFS Alabama Municipal Bond Fund; filed herewith.
- (b) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Arkansas Municipal Bond Fund; filed herewith.
 - (c) Distribution Plan for Class A shares, Plan of Distribution for Class B shares and Plan of Distribution for Class C shares for MFS California Municipal Bond Fund; filed herewith.
 - (d) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Florida Municipal Bond Fund; filed herewith.
 - (e) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Georgia Municipal Bond Fund; filed herewith.
 - (f) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Louisiana Municipal Bond Fund; filed herewith.
 - (g) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Maryland Municipal Bond Fund; filed herewith.
 - (h) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Massachusetts Municipal Bond Fund; filed herewith.
 - (i) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Mississippi Municipal Bond Fund; filed herewith.
 - (j) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS New York Municipal Bond Fund; filed herewith.
 - (k) Amended and Restated Distribution Plan for Class A shares, Plan of Distribution for Class B shares and Plan of Distribution for Class C shares for MFS North Carolina Municipal Bond Fund; filed herewith.
 - (l) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Pennsylvania Municipal Bond Fund; filed herewith.
 - (m) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS South Carolina Municipal Bond Fund; filed herewith.
 - (n) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Tennessee Municipal Bond Fund; filed herewith.
 - (o) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Texas Municipal Bond Fund; filed herewith.
 - (p) Amended and Restated Distribution Plan for Class A shares, Plan of Distribution for Class B shares and Plan of Distribution for Class C shares for MFS Virginia Municipal Bond Fund; filed herewith.
 - (q) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Washington Municipal Bond Fund; filed herewith.
 - (r) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS West Virginia Municipal Bond Fund; filed herewith.
 - (s) Distribution Plan for Class A shares, Plan of Distribution for Class B shares and Plan of Distribution for Class C shares for MFS Municipal Income Fund; filed herewith.
- 16 Schedule of Computation for Performance Quotations - Average Annual Total Rate of Return, Aggregate Total Rate of Return, Distribution Rate, Tax-Equivalent Yield and Yield. (1)
- 17 Financial Data Schedules for each class of shares of the Fund; filed herewith.

Power of Attorney, dated August 11, 1994. (2)

-
- (1) Incorporated by reference to Post-Effective Amendment No. 26 filed with the SEC on February 22, 1995.
- (2) Incorporated by reference to Post-Effective Amendment No. 27 filed with the SEC on May 31, 1995.
- (3) Incorporated by reference to Post-Effective Amendment No. 8 on Form N-2 for MFS Municipal Income Trust (File No. 811-4841) filed with the SEC on February 28, 1995.

ITEM 25. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT

Not applicable.

ITEM 26. NUMBER OF HOLDERS OF SECURITIES

| (1) | (2) | |
|--|---|--------|
| TITLE OF CLASS | NUMBER OF RECORD HOLDERS (As of June 30, 1995) | |
| | CLASS A SHARES | |
| Shares of Beneficial Interest (without par value) | Alabama Series | 1,453 |
| | Arkansas Series | 3,645 |
| | California Series | 4,381 |
| | Florida Series | 1,736 |
| | Georgia Series | 1,783 |
| | Louisiana Series | 435 |
| | Maryland Series | 4,316 |
| | Massachusetts Series | 5,073 |
| | Mississippi Series | 2,072 |
| | New York Series | 3,229 |
| | North Carolina Series | 10,365 |
| | Pennsylvania Series | 650 |
| | South Carolina Series | 3,765 |
| | Tennessee Series | 2,520 |
| | Texas Series | 403 |
| | Virginia Series | 10,282 |
| | Washington Series | 525 |
| | West Virginia Series | 3,233 |
| | MFS Municipal Income Fund | 1,819 |
| | CLASS B SHARES | |
| Shares of Beneficial Interest (without par value) | Alabama Series | 124 |
| | Arkansas Series | 216 |
| | California Series | 602 |
| | Florida Series | 301 |
| | Georgia Series | 310 |
| | Louisiana Series | 99 |
| | Maryland Series | 408 |
| | Massachusetts Series | 266 |
| | Mississippi Series | 274 |
| | New York Series | 988 |
| | North Carolina Series | 882 |
| | Pennsylvania Series | 1,112 |
| | South Carolina Series | 430 |
| | Tennessee Series | 238 |
| | Texas Series | 62 |
| | Virginia Series | 664 |
| | Washington Series | 90 |
| | West Virginia Series | 375 |
| | MFS Municipal Income Fund | 11,706 |
| | CLASS C SHARES | |
| Shares of Beneficial Interest (without par value) | California Series | 71 |
| | North Carolina Series | 164 |
| | Virginia Series | 106 |
| | MFS Municipal Income Fund | 369 |

ITEM 27. INDEMNIFICATION

Reference is hereby made to (a) Article V of Registrant's Declaration

of Trust, filed as an Exhibit to Post-Effective Amendment No. 26 to its Registration Statement; (b) Section 4 of the Distribution Agreement between Registrant and MFS Fund Distributors, Inc., filed as an Exhibit to Post-Effective Amendment No. 26; and (c) the undertaking of the Registrant regarding indemnification set forth in its Registration Statement as initially filed.

The Trustees and officers of the Registrant and the personnel of the Registrant's investment adviser and distributor will be insured under an errors and omissions liability insurance policy. The Registrant and its officers are also insured under the fidelity bond required by Rule 17g-1 under the Investment Company Act of 1940.

ITEM 28. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

MFS serves as investment adviser to the following open-end Funds comprising the MFS Family of Funds: Massachusetts Investors Trust, Massachusetts Investors Growth Stock Funds, MFS Growth Opportunities Funds, MFS Government Securities Funds, MFS Government Mortgage Funds, MFS Government Limited Maturity Funds, MFS Series Trust I (which has three series: MFS Managed Sectors Funds, MFS Cash Reserve Funds and MFS World Asset Allocation Funds), MFS Series Trust II (which has four series: MFS Emerging Growth Funds, MFS Capital Growth Funds, MFS Intermediate Income Funds and MFS Gold & Natural Resources Funds), MFS Series Trust III (which has two series: MFS High Income Funds and MFS Municipal High Income Funds), MFS Series Trust IV (which has four series: MFS Money Market Funds, MFS Government Money Market Funds, MFS Municipal Bond Funds and MFS OTC Funds), MFS Series Trust V (which has two series: MFS Total Return Funds and MFS Research Funds), MFS Series Trust VI (which has three series: MFS World Total Return Funds, MFS Utilities Funds and MFS World Equity Funds), MFS Series Trust VII (which has two series: MFS World Governments Funds and MFS Value Funds), MFS Series Trust VIII (which has two series: MFS Strategic Income Funds and MFS World Growth Funds), MFS Municipal Series Trust (which has 19 series: MFS Alabama Municipal Bond Funds, MFS Arkansas Municipal Bond Funds, MFS California Municipal Bond Funds, MFS Florida Municipal Bond Funds, MFS Georgia Municipal Bond Funds, MFS Louisiana Municipal Bond Funds, MFS Maryland Municipal Bond Funds, MFS Massachusetts Municipal Bond Funds, MFS Mississippi Municipal Bond Funds, MFS New York Municipal Bond Funds, MFS North Carolina Municipal Bond Funds, MFS Pennsylvania Municipal Bond Funds, MFS South Carolina Municipal Bond Funds, MFS Tennessee Municipal Bond Funds, MFS Texas Municipal Bond Funds, MFS Virginia Municipal Bond Funds, MFS Washington Municipal Bond Funds, MFS West Virginia Municipal Bond Funds and MFS Municipal Income Funds) and MFS Series Trust IX (which has three series: MFS Bond Funds, MFS Limited Maturity Funds and MFS Municipal Limited Maturity Funds) (the "MFS Funds"). The principal business address of each of the aforementioned Funds is 500 Boylston Street, Boston, Massachusetts 02116.

MFS also serves as investment adviser of the following no-load, open-end Funds: MFS Institutional Trust ("MFSIT") (which has two series), MFS Variable Insurance Trust ("MVI") (which has twelve series) and MFS Union Standard Trust ("UST") (which has two series). The principal business address of each of the aforementioned Funds is 500 Boylston Street, Boston, Massachusetts 02116.

In addition, MFS serves as investment adviser to the following closed-end Funds: MFS Municipal Income Trust, MFS Multimarket Income Trust, MFS Government Markets Income Trust, MFS Intermediate Income Trust, MFS Charter Income Trust and MFS Special Value Trust (the "MFS Closed-End Funds"). The principal business address of each of the aforementioned Funds is 500 Boylston Street, Boston, Massachusetts 02116.

Lastly, MFS serves as investment adviser to MFS/Sun Life Series Trust ("MFS/SL"), Sun Growth Variable Annuity Funds, Inc. ("SGVAF"), Money Market Variable Account, High Yield Variable Account, Capital Appreciation Variable Account, Government Securities Variable Account, World Governments Variable Account, Total Return Variable Account and Managed Sectors Variable Account. The principal business address of each is One Sun Life Executive Park, Wellesley Hills, Massachusetts 02181.

MFS International Ltd. ("MIL"), a limited liability company organized under the laws of the Republic of Ireland and a subsidiary of MFS, whose principal business address is 41-45 St. Stephen's Green, Dublin 2, Ireland, serves as investment adviser to and distributor for MFS International Funds (which has four portfolios: MFS International Funds-U.S. Equity Funds, MFS International Funds-U.S. Emerging Growth Funds, MFS International Funds-International Governments Funds and MFS International Funds-Charter Income Funds) (the "MIL Funds"). The MIL Funds are organized in Luxembourg and qualify as an undertaking for collective investments in transferable securities (UCITS). The principal business address of the MIL Funds is 47, Boulevard Royal, L-2449 Luxembourg.

MIL also serves as investment adviser to and distributor for MFS Meridian U.S. Government Bond Funds, MFS Meridian Charter Income Funds, MFS Meridian Global Government Funds, MFS Meridian U.S. Emerging Growth Funds, MFS Meridian Global Equity Funds, MFS Meridian Limited Maturity Funds, MFS Meridian World Growth Funds, MFS Meridian Money Market Funds and MFS Meridian U.S. Equity

Funds (collectively the "MFS Meridian Funds"). Each of the MFS Meridian Funds is organized as an exempt company under the laws of the Cayman Islands. The principal business address of each of the MFS Meridian Funds is P.O. Box 309, Grand Cayman, Cayman Islands, British West Indies.

MFS International (U.K.), Ltd. ("MIL-UK"), a private limited company registered with the Registrar of Companies for England and Wales whose current address is 4 John Carpenter Street, London ED4Y ONH, is involved primarily in marketing and investment research activities with respect to private clients and the MIL Funds and the MFS Meridian Funds.

MFS Funds Distributors, Inc. ("MFD"), a wholly owned subsidiary of MFS, serves as distributor for the MFS Funds, MVI, UST and MFSIT.

Clarendon Insurance Agency, Inc. ("CIAI"), a wholly owned subsidiary of MFS, serves as distributor for certain life insurance and annuity contracts issued by Sun Life Assurance Company of Canada (U.S.).

MFS Service Center, Inc. ("MFSC"), a wholly owned subsidiary of MFS, serves as shareholder servicing agent to the MFS Funds, the MFS Closed-End Funds, MFS Institutional Trust, MFS Variable Insurance Trust and MFS Union Standard Trust.

MFS Asset Management, Inc. ("AMI"), a wholly owned subsidiary of MFS, provides investment advice to substantial private clients.

MFS Retirement Services, Inc. ("RSI"), a wholly owned subsidiary of MFS, markets MFS products to retirement plans and provides administrative and record keeping services for retirement plans.

MFS

The Directors of MFS are A. Keith Brodtkin, Jeffrey L. Shames, Arnold D. Scott, John R. Gardner and John D. McNeil. Mr. Brodtkin is the Chairman, Mr. Shames is the President, Mr. Scott is a Senior Executive Vice President and Secretary, James E. Russell is a Senior Vice President and the Treasurer, Stephen E. Cavan is a Senior Vice President, General Counsel and an Assistant Secretary, and Robert T. Burns is a Vice President and an Assistant Secretary of MFS.

MASSACHUSETTS INVESTORS TRUST
MASSACHUSETTS INVESTORS GROWTH STOCK FUNDS
MFS GROWTH OPPORTUNITIES FUNDS
MFS GOVERNMENT SECURITIES FUNDS
MFS GOVERNMENT MORTGAGE FUNDS
MFS SERIES TRUST I
MFS SERIES TRUST V
MFS GOVERNMENT LIMITED MATURITY FUNDS
MFS SERIES TRUST VI

A. Keith Brodtkin is the Chairman and President, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost, Vice President of MFS, is Assistant Treasurer, James R. Bordewick, Jr., Vice President and Associate General Counsel of MFS, is Assistant Secretary.

MFS SERIES TRUST II

A. Keith Brodtkin is the Chairman and President, Leslie J. Nanberg, Senior Vice President of MFS, is a Vice President, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer, and James R. Bordewick, Jr., is Assistant Secretary.

MFS GOVERNMENT MARKETS INCOME TRUST
MFS INTERMEDIATE INCOME TRUST

A. Keith Brodtkin is the Chairman and President, Patricia A. Zlotin, Executive Vice President of MFS and Leslie J. Nanberg, Senior Vice President of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer, and James R. Bordewick, Jr., is the Assistant Secretary.

MFS SERIES TRUST III

A. Keith Brodtkin is the Chairman and President, James T. Swanson, Robert J. Manning, Cynthia M. Brown and Joan S. Batchelder, Senior Vice Presidents of MFS, Bernard Scozzafava, Vice President of MFS, and Matthew Fontaine, Assistant Vice President of MFS, are Vice Presidents, Sheila Burns-Magnan and Daniel E. McManus, Assistant Vice Presidents of MFS, are Assistant Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer, and James R. Bordewick, Jr., is Assistant Secretary.

MFS SERIES TRUST IV
MFS SERIES TRUST IX

A. Keith Brodtkin is the Chairman and President, Robert A. Dennis and

Geoffrey L. Kurinsky, Senior Vice Presidents of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS SERIES TRUST VII

A. Keith Brodtkin is the Chairman and President, Leslie J. Nanberg and Stephen C. Bryant, Senior Vice Presidents of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS SERIES TRUST VIII

A. Keith Brodtkin is the Chairman and President, Jeffrey L. Shames, Leslie J. Nanberg, Patricia A. Zlotin, James T. Swanson and John D. Laupheimer, Jr., Vice President of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS MUNICIPAL SERIES TRUST

A. Keith Brodtkin is the Chairman and President, Cynthia M. Brown and Robert A. Dennis are Vice Presidents, David B. Smith, Geoffrey L. Schechter and David R. King, Vice Presidents of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS VARIABLE INSURANCE TRUST MFS INSTITUTIONAL TRUST

A. Keith Brodtkin is the Chairman and President, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is the Assistant Treasurer and James R. Bordewick, Jr., is the Assistant Secretary.

MFS UNION STANDARD TRUST

A. Keith Brodtkin is the Chairman and President, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost and Karen C. Jordan are Assistant Treasurers and James R. Bordewick, Jr., is the Assistant Secretary.

MFS MUNICIPAL INCOME TRUST

A. Keith Brodtkin is the Chairman and President, Cynthia M. Brown and Robert J. Manning are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost, is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS MULTIMARKET INCOME TRUST MFS CHARTER INCOME TRUST

A. Keith Brodtkin is the Chairman and President, Patricia A. Zlotin, Leslie J. Nanberg and James T. Swanson are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost, Vice President of MFS, is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS SPECIAL VALUE TRUST

A. Keith Brodtkin is the Chairman and President, Jeffrey L. Shames, Patricia A. Zlotin and Robert J. Manning are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, and James O. Yost, is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

SGVAF

W. Thomas London is the Treasurer.

MIL

A. Keith Brodtkin is a Director and the Chairman, Arnold D. Scott and Jeffrey L. Shames are Directors, Ziad Malek, Senior Vice President of MFS, is the President, Thomas J. Cashman, Jr., a Senior Vice President of MFS, is a Senior Vice President, Anthony F. Clarizio is an Assistant Vice President, Stephen E. Cavan is a Director, Senior Vice President and the Clerk, James R. Bordewick, Jr. is a Director, Vice President and an Assistant Clerk, Robert T. Burns is an Assistant Clerk and James E. Russell is the Treasurer.

MIL-UK

A. Keith Brodtkin, Arnold D. Scott, Jeffrey L. Shames, and James R. Bordewick, Jr., are Directors, Stephen E. Cavan is a Director and the Secretary, Ziad Malek is the President, James E. Russell is the Treasurer, and Robert T. Burns is the Assistant Secretary.

MIL FUNDS

A. Keith Brodtkin is the Chairman, President and a Director, Arnold D. Scott and Jeffrey L. Shames are Directors, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is the Assistant Treasurer and James R. Bordewick, Jr., is the Assistant Secretary, and Ziad Malek is a Senior Vice President.

MFS MERIDIAN FUNDS

A. Keith Brodtkin is the Chairman, President and a Director, Arnold D. Scott and Jeffrey L. Shames are Directors, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James R. Bordewick, Jr., is the Assistant Secretary and Ziad Malek is a Senior Vice President.

MFD

A. Keith Brodtkin is the Chairman, Arnold D. Scott and Jeffrey L. Shames are Directors, William W. Scott, Jr., an Executive Vice President of MFS, is the President, Stephen E. Cavan is the Secretary, Robert T. Burns is the Assistant Secretary, and James E. Russell is the Treasurer.

CIAI

A. Keith Brodtkin is the Chairman, Arnold D. Scott and Jeffrey L. Shames are Directors, Cynthia Orcott is President, Bruce C. Avery, Executive Vice President of MFS, is the Vice President, James E. Russell is the Treasurer, Stephen E. Cavan is the Secretary, and Robert T. Burns is the Assistant Secretary.

MFSC

A. Keith Brodtkin is the Chairman, Arnold D. Scott and Jeffrey L. Shames are Directors, Joseph A. Recomendés, Senior Vice President of MFS, is the President, James E. Russell is the Treasurer, Stephen E. Cavan is the Secretary, and Robert T. Burns is the Assistant Secretary.

AMI

A. Keith Brodtkin is the Chairman and a Director, Jeffrey L. Shames, Leslie J. Nanberg and Arnold D. Scott are Directors, Thomas J. Cashman is the President and a Director, James E. Russell is the Treasurer and Robert T. Burns is the Secretary.

RSI

William W. Scott, Jr., Joseph A. Recomendés and Bruce C. Avery are Directors, Arnold D. Scott is the Chairman, Douglas C. Grip, a Senior Vice President of MFS, is the President, James E. Russell is the Treasurer, Stephen E. Cavan is the Secretary, Robert T. Burns is the Assistant Secretary and Henry A. Shea is an Executive Vice President.

In addition, the following persons, Directors or officers of MFS, have the affiliations indicated:

| | |
|-------------------|---|
| A. Keith Brodtkin | Director, Sun Life Assurance Company of Canada (U.S.), One Sun Life Executive Park, Wellesley Hills, Massachusetts Director, Sun Life Insurance and Annuity Company of New York, 67 Broad Street, New York, New York |
| John R. Gardner | President and a Director, Sun Life Assurance Company of Canada, Sun Life Centre, 150 King Street West, Toronto, Ontario, Canada (Mr. Gardner is also an officer and/or Director of various subsidiaries and affiliates of Sun Life) |
| John D. McNeil | Chairman, Sun Life Assurance Company of Canada, Sun Life Centre, 150 King Street West, Toronto, Ontario, Canada (Mr. McNeil is also an officer and/or Director of various subsidiaries and affiliates of Sun Life) |

ITEM 29. DISTRIBUTORS

- (a) Reference is hereby made to Item 28 above.
- (b) Reference is hereby made to Item 28 above.
- (c) Not Applicable.

ITEM 30. LOCATION OF ACCOUNTS AND RECORDS

The accounts and records of the Registrant are located, in whole or in part, at the office of the Registrant and the following locations:

| NAME | ADDRESS |
|--|--|
| Massachusetts Financial Services Company (investment adviser) | 500 Boylston Street Boston, MA 02116 |
| MFS Fund Distributors, Inc. (principal underwriter) | 500 Boylston Street Boston, MA 02116 |
| State Street Bank and Trust Company (custodian) | State Street South 5 - West North Quincy, MA 02171 |
| MFS Service Center, Inc. (transfer agent) | 500 Boylston Street Boston, MA 02116 |

ITEM 31. MANAGEMENT SERVICES

Not applicable.

ITEM 32. UNDERTAKINGS

(a) Not applicable.

(b) Not applicable.

(c) The Registrant undertakes to furnish each person to whom a prospectus of a series of the Registrant is delivered with a copy of that series' latest annual report to shareholders upon request and without charge.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Boston and The Commonwealth of Massachusetts on the 26th day of July, 1995.

MFS MUNICIPAL SERIES TRUST

By: JAMES R. BORDEWICK, JR.

Name: James R. Bordewick, Jr.
Title: Assistant Secretary

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment to its Registration Statement has been signed below by the following persons in the capacities indicated on July 26, 1995.

| SIGNATURE | TITLE |
|--|--|
| /s/ A. KEITH BRODKIN* ----- A. Keith Brodtkin | Chairman, President (Principal Executive Officer) and Trustee |
| /s/ W. THOMAS LONDON* ----- W. Thomas London | Treasurer (Principal Financial Officer and Principal Accounting Officer) |
| /s/ RICHARD B. BAILEY* ----- Richard B. Bailey | Trustee |
| /s/ MARSHALL N. COHAN* ----- Marshall N. Cohan | Trustee |
| /s/ LAWRENCE H. COHN* ----- Lawrence H. Cohn | Trustee |
| /s/ SIR J. DAVID GIBBONS* ----- Sir J. David Gibbons | Trustee |
| /s/ ABBY M. O'NEILL* ----- | Trustee |

Abby M. O'Neill

/s/ WALTER E. ROBB, III* Trustee

Walter E. Robb, III

/s/ ARNOLD D. SCOTT* Trustee

Arnold D. Scott

/s/ JEFFREY L. SHAMES* Trustee

Jeffrey L. Shames

/s/ J. DALE SHERRATT* Trustee

J. Dale Sherratt

/s/ WARD SMITH* Trustee

Ward Smith

*By: JAMES R. BORDEWICK, JR.

Name: James R. Bordewick, Jr.,
as Attorney-in-fact

Executed by James R. Bordewick,
Jr. on behalf of those indicated
pursuant to a Power of Attorney
dated August 11, 1994 and filed
with the Securities and Exchange
Commission on May 31, 1995 with
Post-Effective Amendment No. 27.

INDEX TO EXHIBITS

| EXHIBIT NO. | DESCRIPTION OF EXHIBIT | PAGE NO. |
|-------------|---|----------|
| 4 | Form of Share Certificate for Class A, B and C Shares. | |
| 5 | (a) Investment Advisory Agreement, dated August 24, 1984 for all series other than Arkansas, California, Florida, Louisiana, Mississippi, Pennsylvania, Texas, Washington, and MFS Municipal Income Fund. | |
| | (b) Investment Advisory Agreement, dated February 1, 1992, for the MFS Arkansas Municipal Bond Fund. | |
| | (c) Investment Advisory Agreement, dated February 1, 1992, for the MFS Florida Municipal Bond Fund. | |
| | (d) Investment Advisory Agreement, dated February 1, 1992, for the MFS Texas Municipal Bond Fund. | |
| | (e) Investment Advisory Agreement, dated August 1, 1992, for the MFS Mississippi Municipal Bond Fund. | |
| | (f) Investment Advisory Agreement, dated August 1, 1992, for the MFS Washington Municipal Bond Fund. | |
| | (g) Investment Advisory Agreement, dated February 1, 1993, for MFS Louisiana Municipal Bond Fund. | |
| | (h) Investment Advisory Agreement, dated February 1, 1993, for MFS Pennsylvania Municipal Bond Fund. | |
| | (i) Investment Advisory Agreement, dated September 1, 1993, for MFS California Municipal Bond Fund. | |
| EXHIBIT NO. | DESCRIPTION OF EXHIBIT | PAGE NO. |
| | (j) Investment Advisory Agreement, dated September 1, 1993, for the MFS Municipal Income Fund. | |
| 7 | Retirement Plan for Non-Interested Person Trustees, dated January 1, 1991. | |
| 8 | (a) Custodian Agreement, dated June 15, 1988. | |
| | (b) Amendment to Custodian Agreement, dated June 15, 1988. | |
| | (c) Amendment to Custodian Agreement, dated August 9, 1989. | |
| | (d) Amendment to Custodian Agreement, dated October 1, 1989. | |

- (e) Amendment No. 3 to the Custodian Agreement, dated October 9, 1991.
- 9 (a) Shareholder Servicing Agent Agreement, dated August 1, 1985.
- (c) Exchange Privilege Agreement, dated September 1, 1993.
- (e) Dividend Disbursing Agency Agreement, dated February 1, 1986.
- 11 Consent of Deloitte & Touche LLP - MFS Municipal Income Fund.
- 13 Investment Representation Letter.
- 15 (a) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Alabama Municipal Bond Fund.
- (b) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Arkansas Municipal Bond Fund.

| EXHIBIT NO. | DESCRIPTION OF EXHIBIT | PAGE NO. |
|-------------|------------------------|----------|
|-------------|------------------------|----------|

- (c) Distribution Plan for Class A shares, Plan of Distribution for Class B shares and Plan of Distribution for Class C shares for MFS California Municipal Bond Fund.
- (d) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Florida Municipal Bond Fund.
- (e) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Georgia Municipal Bond Fund.
- (f) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Louisiana Municipal Bond Fund.
- (g) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Maryland Municipal Bond Fund.
- (h) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Massachusetts Municipal Bond Fund.
- (i) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Mississippi Municipal Bond Fund.
- (j) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS New York Municipal Bond Fund.
- (k) Amended and Restated Distribution Plan for Class A shares, Plan of Distribution for Class B shares and Plan of Distribution for Class C shares for MFS North Carolina Municipal Bond Fund.
- (l) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Pennsylvania Municipal Bond Fund.

| EXHIBIT NO. | DESCRIPTION OF EXHIBIT | PAGE NO. |
|-------------|------------------------|----------|
|-------------|------------------------|----------|

- (m) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS South Carolina Municipal Bond Fund.
- (n) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Tennessee Municipal Bond Fund.
- (o) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Texas Municipal Bond Fund.
- (p) Amended and Restated Distribution Plan for Class A shares, Plan of Distribution for Class B shares and Plan of Distribution for Class C shares for MFS Virginia Municipal Bond Fund.
- (q) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS Washington

Municipal Bond Fund.

(r) Amended and Restated Distribution Plan for Class A shares and Plan of Distribution for Class B shares for MFS West Virginia Municipal Bond Fund.

(s) Distribution Plan for Class A shares, Plan of Distribution for Class B shares and Plan of Distribution for Class C shares for MFS Municipal Income Fund.

17 Financial Data Schedules for each class of shares of the Fund.

SHARE CERTIFICATE

[FUND NAME]
ORGANIZED AS A BUSINESS TRUST UNDER THE
LAWS OF THE COMMONWEALTH OF MASSACHUSETTS

SEE REVERSE FOR
CERTAIN DEFINITIONS

THIS CERTIFIES THAT

is the registered holder of

FULLY PAID AND NON-ASSESSABLE SHARES OF BENEFICIAL INTEREST WITHOUT
PAR VALUE, OF THE TRUST OR SERIES OF THE TRUST IDENTIFIED ABOVE,

transferable only on the books of the Trust, by the holder hereof, in person or
by duly authorized attorney, upon surrender of this Certificate properly
endorsed. The aforesaid holder is entitled to require the Trust to purchase all
or any part of the Shares represented by this Certificate at net asset value,
all as more fully set forth on the reverse of this Certificate. This Certificate
is not valid until countersigned by the Transfer Agent.

IN WITNESS WHEREOF, the said Trust has caused this Certificate to be
signed by its duly authorized officer and its seal to be hereunto affixed.

Dated:

COUNTERSIGNED
MFS Service Center, Inc.
(Boston, MA) Transfer Agent

CHAIRMAN

SEAL

TREASURER

BY: _____
AUTHORIZED SIGNATURE

157136

CERTIFICATE NO.

SHARES

ACCOUNT NO.

ALPHA CODE

DEALER NO.

CHAIRMAN

TRADE DATE:

CONFIRM DATE _____

CHANGE NOTICE: IF THE ABOVE INFORMATION IS INCORRECT OR
MISSING, PLEASE PRINT THE CORRECT INFORMATION BELOW, AND
RETURN TO:

MFS SERVICE CENTER, INC.
P.O. BOX 2281
BOSTON, MA 02107-9906

IDENT. OR SOC. SEC. NO.: _____

THE REGISTERED HOLDER OF THIS CERTIFICATE IS ENTITLED TO ALL THE RIGHTS,
INTEREST AND PRIVILEGES OF A SHAREHOLDER AS PROVIDED BY THE DECLARATION OF TRUST
AND BY-LAWS OF THE TRUST, AS AMENDED, WHICH ARE INCORPORATED BY REFERENCE
HEREIN. IN PARTICULAR THE SHARES REPRESENTED BY THIS CERTIFICATE ARE
TRANSFERABLE BY THE HOLDER, IN PERSON OR BY HIS DULY AUTHORIZED ATTORNEY, BUT

ONLY ON SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED AND WHEN THE TRANSFER IS MADE ON THE BOOKS OF THE TRUST.

THE HOLDER OF THIS CERTIFICATE, AS PROVIDED IN SAID DECLARATION OF TRUST AND BY-LAWS, AS AMENDED, SHALL NOT IN ANY WISE BE PERSONALLY LIABLE FOR ANY DEBT, OBLIGATION OR ACT OF TRUST.

ANY SHAREHOLDER DESIRING TO DISPOSE OF HIS SHARES MAY DEPOSIT HIS CERTIFICATE, DULY ENDORSED IN BLANK OR ACCOMPANIED BY AN INSTRUMENT OR TRANSFER EXECUTED IN BLANK, AT THE OFFICE OF MFS SERVICE CENTER, INC. OR ANY SUCCESSOR TRANSFER AGENT OF THE TRUST, TOGETHER WITH AN IRREVOCABLE OFFER IN WRITING TO SELL THE SHARES REPRESENTED THEREBY AT THE NET ASSET VALUE THEREOF AND THE TRUST WILL THEREAFTER PURCHASE SAID SHARES FOR CASH AT NET ASSET VALUE. THE COMPUTATION OF NET ASSET VALUE, THE LIMITATIONS UPON THE DATE OF PAYMENT AND PROVISIONS DEALING WITH SUSPENSION OF THIS RIGHT IN CERTAIN EMERGENCIES ARE FULLY DESCRIBED IN SAID DECLARATION OF TRUST AND BY-LAWS, AS AMENDED.

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

THE SIGNATURE(S) MUST BE GUARANTEED IN ACCORDANCE WITH A CURRENT PROSPECTUS OF THE TRUST.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

| | | | |
|-----------|--|------------------------------------|---|
| <TABLE> | | <C> | |
| <CAPTION> | | | |
| <S> | <C> | | |
| TEN COM | - as tenants in common | UNIF GIFT/TRANSFER MIN ACT - _____ | Custodian _____ |
| TEN ENT | - as tenants by the entireties | | (Cust) _____ (Minor) |
| JT TEN | - as joint tenants with right of survivorship and not as tenants in common | | |
| | | | under Uniform Gift/Transfer to Minors Act _____ |
| | | | (State) |

Additional abbreviations may also be used though no in the above list.

</TABLE>

FOR VALUE RECEIVED, _____ HEREBY SELL, ASSIGN AND TRANSFER UNTO

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

Shares of Beneficial Interest represented by the within Certificate, and do hereby irrevocably constitute and appoint

Attorney to transfer the said shares on the books of the within-named Trust with full power of substitution in the premises.

Dated, _____

Owner

Signature of Co-Owner, if any

IMPORTANT

BEFORE SIGNING, READ AND COMPLY CAREFULLY
WITH NOTICE PRINTED ABOVE.

Signature(s) guaranteed by:

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of this 24th day of August, 1984, by and between MFS MANAGED MULTI-STATE TAX-EXEMPT TRUST, a Massachusetts business trust (the "Trust"), and MASSACHUSETTS FINANCIAL SERVICES COMPANY, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940 divided into separate series of shares; and

WHEREAS, the Adviser is willing to provide business management services to the Trust on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. Duties of the Adviser. The Adviser shall provide the Trust with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Trust and as such shall furnish continuously an investment program for each series of the Trust and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of each series of the Trust shall be held uninvested, subject always to the restrictions of its Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, and the Rules, Regulations and orders thereunder, and to the Trust's then-current Prospectus. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the portfolio securities of each series of the Trust shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Trust, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of portfolio securities for the Trust's account with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Trust to give instructions to the Custodian of the Trust as to deliveries of securities and payments of cash for the account of the Trust. In connection

with the selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Trust execution at the most favorable price. Subject to this requirement of seeking the most favorable price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

2. Allocation of Charges and Expenses. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of each series of the Trust and maintaining the Trust's organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions for each series of the Trust. The Adviser shall arrange, if desired by the Trust, for Directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Trust will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Trust; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Trust; expenses of repurchasing and redeeming shares and servicing shareholder accounts; expenses of preparing, printing and mailing stock certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Trust, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of each series of the Trust; expenses of shareholder meetings; expenses relating to the issuance, registration and qualification of shares of each series of the Trust and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement or Selling Agency Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); and all such expenses to be allocated among the respective series of the Trust as provided in Section 6.9 of the Declaration.

3. Compensation of the Adviser. For each series of the Trust for which the Adviser renders services or provides facilities, the Trust shall pay to the Adviser an investment advisory fee computed and paid monthly at an annual rate equal to 0.55% of the average daily net assets attributable to such series on an annualized basis for the Trust's then-current fiscal year. In addition, the Adviser agrees to pay the expenses attributable to each series of the Trust described in Section 2 hereof (except for fees payable by the Trust with respect to any series thereof under the Distribution Agreement dated August ____, 1984, between the Trust and Massachusetts Financial Services Company (the "distribution fees"), until December 31, 1995, and to pay the expenses after August 23, 1984 relating to the organization of the Trust, all subject to reimbursement by the Trust. To accomplish the reimbursement of expenses of each series advanced by the Adviser, the Trust shall pay the Adviser out of the assets of such series an expense reimbursement fee, in addition to the

investment advisory fee and distribution fees payable with respect to such series, such expense reimbursement fee to be computed and paid monthly at the annual rate of 0.70% of the average daily net assets of such series for its then-current fiscal year until February 28, 1986, and thereafter at the annual rate of 0.95% of the average daily net assets of such series for its then-current fiscal year; provided, that such expense reimbursement payment shall be made only to the extent that immediately after any such payment the Adviser would not be obligated to reimburse any amount to the Trust pursuant to Section 4 hereof. The first payment of the expense reimbursement fee payable with respect to each series shall be made by the Trust on February 28, 1985. The obligation of the Trust to make payments of the expense reimbursement fee payable by the Trust with respect to any series shall terminate on the earlier of the date on which the total of the payments of such fee made by the Trust equal the prior payment by the Adviser of reimbursable expenses attributable to such series or December 31, 1995. If the Adviser shall serve as the investment adviser to any series of the Trust for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to that series shall be prorated.

4. Expense Limitation. Within 30 days following the close of any fiscal year of the Trust, the Adviser shall pay to the Trust a sum equal to the amount, if any, by which the aggregate expenses, exclusive of interest, taxes, brokerage commissions and extraordinary expenses, incurred by the Trust during that fiscal year with respect to each series exceed the Maximum Percentage in effect from time to time during such fiscal year of the average daily net assets of such series during that fiscal year. As used herein, the term "Maximum Percentage" shall mean .95% during the period ending six months after the date of the Prospectus, 1.25% thereafter until February 28, 1986 and 1.50% thereafter. This obligation of the Adviser to reimburse the Trust for expenses may be amended or terminated at any time by the Adviser without the consent of the Trust by written notice from the Adviser to the Trust.

5. Covenants of the Adviser. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Trust, except as permitted by the Investment Company Act of 1940, and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of any series of the Trust except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus of the Trust relative to the Adviser and its Directors and officers.

6. Limitation of Liability of the Adviser. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Trust, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Section 6, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

7. Activities of the Adviser. The services of the Adviser to the Trust are not deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Trust agrees that if the Adviser shall for any reason no longer serve as the Adviser to any one or more series of the Trust, the Trust will immediately cease to use in connection with such series the initials "MFS" and will, if requested by the Adviser, change its name so as to delete the initials "MFS." It is understood that the Trustees, officers, and shareholders of the Trust are or may be or become interested in the Adviser, as Directors, officers, employees, or otherwise and that Directors, officers and employees of the Adviser are or may become similarly interested in the Trust, and that the Adviser may be or become interested in the Trust as a shareholder or otherwise.

8. Duration, Termination and Amendments of this Agreement. This Agreement shall become effective as of the day and year first above written and shall govern the relations between the parties hereto thereafter, and shall remain in force with respect to each series of the Trust until December 1, 1985 on which date it will terminate with respect to any series unless its continuance after December 1, 1985 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of such series.

This Agreement may be terminated as to any one or more series of the Trust at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of such series, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of each series of the Trust affected thereby. The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities", "assignment," "affiliated person," and "interested persons," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940, and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereto duly authorized, all as of the day and year first above written. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the Trust estate.

MFS MANAGED MULTI-STATE
TAX-EXEMPT TRUST

By: RICHARD B. BAILEY
Richard B. Bailey
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: H. ALDEN JOHNSON, JR.
H. Alden Johnson, Jr.
President

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of February, 1992, by and between MFS MANAGED MULTI-STATE MUNICIPAL BOND TRUST, a Massachusetts business trust (the "Trust"), on behalf of the Arkansas Series of the Trust (the "Arkansas Series"), and Massachusetts Financial Services Company, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940 divided into separate series of shares; and

WHEREAS, the Adviser is willing to provide business management services to the Trust with respect to the Arkansas Series on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. DUTIES OF THE ADVISER. The Adviser shall provide the Arkansas Series with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Arkansas Series and as such shall furnish continuously an investment program for the Arkansas Series and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Arkansas Series shall be held uninvested, subject always to the restrictions of the Trust's Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act"), and the Rules, Regulations and orders thereunder, and to the Arkansas Series' then-current Prospectus. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the portfolio securities of the Arkansas Series shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Arkansas Series, all

actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of portfolio securities for the Arkansas Series' account with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Arkansas Series to give instructions to the Custodian of the Trust as to deliveries of securities and payments of cash for the account of the Arkansas Series. In connection with the selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Arkansas Series execution at the best available price. Subject to this requirement of seeking the best available price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

2. ALLOCATION OF CHARGES AND EXPENSES. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of the Arkansas Series and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions of the Arkansas Series. The Adviser shall arrange, if desired by the Arkansas Series, for directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Arkansas Series will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Arkansas Series; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Arkansas Series; expenses of servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Trust on behalf of the Arkansas Series, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Arkansas Series; expenses of shareholder meetings; expenses relating to the issuance, registration and qualification of shares of the Arkansas Series and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); and all such expenses to be allocated among the respective series of the Trust as provided in Section 6.9 of the Declaration.

3. COMPENSATION OF THE ADVISER. The Arkansas Series shall pay to the Adviser an investment advisory fee computed and paid monthly in an amount equal to 0.55% of the average daily net assets attributable to such Series on an annualized basis for the Trust's then-current fiscal year. In addition, the Adviser agrees to pay the expenses attributable to the Arkansas Series described in Section 2 hereof (except for distribution fees payable by the Arkansas Series under the Plan of Distribution adopted pursuant to Rule 12b-1 under the 1940

Act, dated as of February 1, 1992, as amended from time to time, of such Series (the "Distribution Fees")), until December 31, 2001, and to pay the expenses relating to the organization of the Arkansas Series, all subject to reimbursement by the Arkansas Series. To accomplish the reimbursement of expenses of the Arkansas Series advanced by the Adviser, the Trust shall pay the Adviser out of the assets of such Series an expense reimbursement fee, in addition to the investment advisory fee and Distribution Fees payable with respect to such Series, such expense reimbursement fee to be computed and paid monthly at the annual rate of 0.40% of the average daily net assets of such Series for its then-current year. The first payment of the expense reimbursement fee payable with respect to the Arkansas Series shall be made by the Trust on February 28, 1993. The obligation of the Trust to make payments of the expense reimbursement fee payable by the Trust with respect to the Arkansas Series shall terminate on the earlier of the date on which the total of the payments of such fee made by the Trust equal the prior payment by the Adviser of reimbursable expenses attributable to the Arkansas Series or December 31, 2001. If the Adviser shall serve as the investment adviser to the Arkansas Series for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to the Arkansas Series shall be prorated.

This obligation of the Adviser to reimburse the Trust for expenses may be amended or terminated at any time by the Adviser without the consent of the Trust by written notice from the Adviser to the Trust.

4. COVENANTS OF THE ADVISER. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Trust, except as permitted by the Investment Company Act of 1940, as amended, and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Trust except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus of the Trust relative to the Adviser and its Directors and officers.

5. LIMITATION OF LIABILITY OF THE ADVISER. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Trust, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Section 5, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

6. ACTIVITIES OF THE ADVISER. The services of the Adviser to the Trust are not deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Trust agrees that if the Adviser shall for any reason no longer serve as the investment adviser to the Trust, the Trust will change its name so as to delete the initials "MFS". It is understood that the Trustees, officers, and shareholders of the Trust are or may

be or become interested in the Adviser, as directors, officers, employees, or otherwise and that directors, officers and employees of the Adviser are or may become similarly interested in the Trust, and that the Adviser may be or become interested in the Trust as a shareholder or otherwise.

7. DURATION, TERMINATION AND AMENDMENTS OF THIS AGREEMENT. This Agreement shall become effective as of the day and year first above written and shall govern the relations between the parties hereto thereafter, and shall remain in force with respect to the Arkansas Series until December 1, 1993 on which date it will terminate with respect to the Arkansas Series unless its continuance after December 1, 1993 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of the Arkansas Series.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Trust, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of the Arkansas Series.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities" of the Arkansas Series, "assignment," "affiliated person," and "interested persons," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940, as amended, and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunder duly authorized, all as of the day and year first above written. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the Trust estate.

MFS MANAGED MULTI-STATE
MUNICIPAL BOND TRUST on behalf
of the Arkansas Series

By: A. KEITH BRODKIN
A. Keith Brodtkin

Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN
A. Keith Brodkin
Chairman and President

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of February, 1992, by and between MFS MANAGED MULTI-STATE MUNICIPAL BOND TRUST, a Massachusetts business trust (the "Trust"), on behalf of the Florida Series of the Trust (the "Florida Series"), and Massachusetts Financial Services Company, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940 divided into separate series of shares; and

WHEREAS, the Adviser is willing to provide business management services to the Trust with respect to the Florida Series on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. DUTIES OF THE ADVISER. The Adviser shall provide the Florida Series with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Florida Series and as such shall furnish continuously an investment program for the Florida Series and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Florida Series shall be held uninvested, subject always to the restrictions of the Trust's Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act"), and the Rules, Regulations and Orders thereunder, and to the Florida Series' then-current Prospectus. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the portfolio securities of the Florida Series shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Florida Series, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of portfolio securities for the Florida Series' account with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Florida Series

to give instructions to the Custodian of the Trust as to deliveries of securities and payments of cash for the account of the Florida Series. In connection with the selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Florida Series execution at the best available price. Subject to this requirement of seeking the best available price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

2. ALLOCATION OF CHARGES AND EXPENSES. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of the Florida Series and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions of the Florida Series. The Adviser shall arrange, if desired by the Florida Series, for directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Florida Series will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Florida Series; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Florida Series; expenses of servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Trust on behalf of the Florida Series, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Florida Series; expenses of shareholder meetings; expenses relating to the issuance, registration and qualification of shares of the Florida Series and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); and all such expenses to be allocated among the respective series of the Trust as provided in Section 6.9 of the Declaration.

3. COMPENSATION OF THE ADVISER. The Florida Series shall pay to the Adviser an investment advisory fee computed and paid monthly in an amount equal to .55% of the average daily net assets attributable to such Series on an annualized basis for the Trust's then-current fiscal year.

In addition, the Adviser agrees to pay the expenses attributable to the Florida Series described in Section 2 hereof (except for distribution fees payable by the Florida Series under the Plan of Distribution adopted pursuant to Rule 12b-1 under the 1940 Act, dated as of February 1, 1992, as amended from time to time, of such Series (the "Distribution Fees")), until December 31, 2001, and to pay the expenses relating to the organization of the Florida

Series, all subject to reimbursement by the Florida Series. To accomplish the reimbursement of expenses of the Florida Series advanced by the Adviser, the Trust shall pay the Adviser out of the assets of such Series an expense reimbursement fee, in addition to the investment advisory fee and Distribution Fees payable with respect to such Series, such expense reimbursement fee to be computed and paid monthly at the annual rate of 0.40% of the average daily net assets of such Series for its then-current year. The first payment of the expense reimbursement fee payable with respect to the Florida Series shall be made by the Trust on February 28, 1993. The obligation of the Trust to make payments of the expense reimbursement fee payable by the Trust with respect to the Florida Series shall terminate on the earlier of the date on which the total of the payments of such fee made by the Trust equal the prior payment by the Adviser of reimbursable expenses attributable to the Florida Series or December 31, 2001. If the Adviser shall serve as the investment adviser to the Florida Series for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to the Florida Series shall be prorated.

This obligation of the Adviser to reimburse the Trust for expenses may be amended or terminated at any time by the Adviser without the consent of the Trust by written notice from the Adviser to the Trust.

4. COVENANTS OF THE ADVISER. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Trust, except as permitted by the Investment Company Act of 1940, as amended, and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Trust except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus of the Trust relative to the Adviser and its Directors and officers.

5. LIMITATION OF LIABILITY OF THE ADVISER. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Trust, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Section 5, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as the corporation itself.

6. ACTIVITIES OF THE ADVISER. The services of the Adviser to the Trust are not deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Trust agrees that if the Adviser shall for any reason no longer serve as the investment adviser to the Trust, the Trust will change its name so as to delete the initials "MFS". It is understood that the Trustees, officers, and shareholders of the Trust are or may be or become interested in the Adviser, as directors, officers, employees, or otherwise and that directors, officers and employees of the Adviser are or may become similarly interested in the Trust, and that the Adviser may be or become

interested in the Trust as a shareholder or otherwise.

7. DURATION, TERMINATION AND AMENDMENTS OF THIS AGREEMENT. This Agreement shall become effective as of the day and year first above written and shall govern the relations between the parties hereto thereafter, and shall remain in force with respect to the Florida Series until December 1, 1993 on which date it will terminate with respect to the Florida Series unless its continuance after December 1, 1993 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of the Florida Series.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Trust, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of the Florida Series.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities" of the Florida Series, "assignment," "affiliated person," and "interested persons," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940, as amended, and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunder duly authorized, all as of the day and year first above written. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the Trust estate.

MFS MANAGED MULTI-STATE
MUNICIPAL BOND TRUST on behalf
of the Florida Series

By: A. KEITH BRODKIN
A. Keith Brodkin
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and President

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of February, 1992, by and between MFS MANAGED MULTI-STATE MUNICIPAL BOND TRUST, a Massachusetts business trust (the "Trust"), on behalf of the Texas Series of the Trust (the "Texas Series"), and Massachusetts Financial Services Company, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940 divided into separate series of shares; and

WHEREAS, the Adviser is willing to provide business management services to the Trust with respect to the Texas Series on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. DUTIES OF THE ADVISER. The Adviser shall provide the Texas Series with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Texas Series and as such shall furnish continuously an investment program for the Texas Series and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Texas Series shall be held uninvested, subject always to the restrictions of the Trust's Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940 (the "1940 Act"), and the Rules, Regulations and orders thereunder, and to the Texas Series' then-current Prospectus. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the portfolio securities of the Texas Series shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Texas Series, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of portfolio securities for the Texas Series' account with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Texas Series to give

instructions to the Custodian of the Trust as to deliveries of securities and payments of cash for the account of the Texas Series. In connection with the selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Texas Series execution at the best available price. Subject to this requirement of seeking the best available price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

2. ALLOCATION OF CHARGES AND EXPENSES. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of the Texas Series and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions of the Texas Series. The Adviser shall arrange, if desired by the Texas Series, for directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Texas Series will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Texas Series; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Texas Series; expenses of servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Trust on behalf of the Texas Series, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Texas Series; expenses of shareholder meetings; expenses relating to the issuance, registration and qualification of shares of the Texas Series and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); and all such expenses to be allocated among the respective series of the Trust as provided in Section 6.9 of the Declaration.

3. COMPENSATION OF THE ADVISER. The Texas Series shall pay to the Adviser an investment advisory fee computed and paid monthly in an amount equal to 0.55% of the average daily net assets attributable to such Series on an annualized basis for the Trust's then-current fiscal year. In addition, the Adviser agrees to pay the expenses attributable to the Texas Series described in Section 2 hereof (except for distribution fees payable by the Texas Series under the Plan of Distribution adopted pursuant to Rule 12b-1 under the 1940 Act, dated as of February 1, 1992, as amended from time to time, of such Series (the "Distribution Fees")), until December 31, 2001, and to pay the expenses relating to the organization of the Texas Series, all subject to reimbursement by the Texas Series. To accomplish the reimbursement of expenses of the Texas Series advanced by the Adviser, the Trust shall pay the Adviser out of the assets of

such Series an expense reimbursement fee, in addition to the investment advisory fee and Distribution Fees payable with respect to such Series, such expense reimbursement fee to be computed and paid monthly at the annual rate of 0.40% of the average daily net assets of such Series for its then-current year. The first payment of the expense reimbursement fee payable with respect to the Texas Series shall be made by the Trust on February 28, 1993. The obligation of the Trust to make payments of the expense reimbursement fee payable by the Trust with respect to the Texas Series shall terminate on the earlier of the date on which the total of the payments of such fee made by the Trust equal the prior payment by the Adviser of reimbursable expenses attributable to the Texas Series or December 31, 2001. If the Adviser shall serve as the investment adviser to the Texas Series for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to the Texas Series shall be prorated.

This obligation of the Adviser to reimburse the Trust for expenses may be amended or terminated at any time by the Adviser without the consent of the Trust by written notice from the Adviser to the Trust.

4. COVENANTS OF THE ADVISER. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Trust, except as permitted by the Investment Company Act of 1940, as amended, and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Trust except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus of the Trust relative to the Adviser and its Directors and officers.

5. LIMITATION OF LIABILITY OF THE ADVISER. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Trust, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Section 5, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

6. ACTIVITIES OF THE ADVISER. The services of the Adviser to the Trust are not deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Trust agrees that if the Adviser shall for any reason no longer serve as the investment adviser to the Trust, the Trust will change its name so as to delete the initials "MFS". It is understood that the Trustees, officers, and shareholders of the Trust are or may be or become interested in the Adviser, as directors, officers, employees, or otherwise and that directors, officers and employees of the Adviser are or may become similarly interested in the Trust, and that the Adviser may be or become interested in the Trust as a shareholder or otherwise.

7. DURATION, TERMINATION AND AMENDMENTS OF THIS AGREEMENT. This

Agreement shall become effective as of the day and year first above written and shall govern the relations between the parties hereto thereafter, and shall remain in force with respect to the Texas Series until December 1, 1993 on which date it will terminate with respect to the Texas Series unless its continuance after December 1, 1993 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of the Texas Series.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Trust, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of the Texas Series.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities" of the Texas Series, "assignment," "affiliated person," and "interested persons," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940, as amended, and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunder duly authorized, all as of the day and year first above written. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the Trust estate.

MFS MANAGED MULTI-STATE
MUNICIPAL BOND TRUST on behalf
of the Texas Series

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and President

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of August, 1992, by and between MFS MISSISSIPPI MUNICIPAL BOND FUND (the "Fund"), a portfolio of MFS Multi-State Municipal Bond Trust (the "Trust"), a Massachusetts business trust, and Massachusetts Financial Services Company, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940 divided into separate portfolios of shares; and

WHEREAS, the Adviser is willing to provide business management services to the Trust with respect to the Mississippi Fund on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. Duties of the Adviser. The Adviser shall provide the Mississippi Fund with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Mississippi Fund and as such shall furnish continuously an investment program for the Mississippi Fund and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Mississippi Fund shall be held uninvested, subject always to the restrictions of the Trust's Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act"), and the Rules, Regulations and orders thereunder, and to the Mississippi Fund's then-current Prospectus. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the fund securities of the Mississippi Fund shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Mississippi Fund, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of fund securities for the Mississippi Fund's account with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Mississippi Fund to give instructions to the Custodian of the Trust as to

deliveries of securities and payments of cash for the account of the Mississippi Fund. In connection with the selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Mississippi Fund execution at the best available price. Subject to this requirement of seeking the best available price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

2. Allocation of Charges and Expenses. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of the Mississippi Fund and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions of the Mississippi Fund. The Adviser shall arrange, if desired by the Mississippi Fund, for directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Mississippi Fund will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Mississippi Fund; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Mississippi Fund; expenses of servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Trust on behalf of the Mississippi Fund, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Mississippi Fund; expenses of shareholder meetings; expenses relating to the issuance, registration and qualification of shares of the Mississippi Fund and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); and all such expenses to be allocated among the respective portfolios of the Trust as provided in Section 6.9 of the Declaration.

3. Compensation of the Adviser. The Mississippi Fund shall pay to the Adviser an investment advisory fee computed and paid monthly in an amount equal to 0.55% of the average daily net assets attributable to such Fund on an annualized basis for the Trust's then-current fiscal year. In addition, the Adviser agrees to pay the expenses attributable to the Mississippi Fund described in Section 2 hereof (except for distribution fees payable by the Mississippi Fund under the Plan of Distribution adopted pursuant to Rule 12b-1 under the 1940 Act, dated as of August 1, 1992, as amended from time to time, of such Fund (the "Distribution Fees")), until December 31, 2001, and to pay the expenses relating to the organization of the Mississippi Fund, all subject to reimbursement by the Mississippi Fund. To accomplish the reimbursement of expenses of the Mississippi Fund advanced by the Adviser, the Trust shall pay

the Adviser out of the assets of such Fund an expense reimbursement fee, in addition to the investment advisory fee and Distribution Fees payable with respect to such Fund, such expense reimbursement fee to be computed and paid monthly at the annual rate of 0.40% of the average daily net assets of such Fund for its then-current year. The obligation of the Trust to make payments of the expense reimbursement fee payable by the Trust with respect to the Mississippi Fund shall terminate on the earlier of the date on which the total of the payments of such fee made by the Trust equal the prior payment by the Adviser of reimbursable expenses attributable to the Mississippi Fund or December 31, 2001. If the Adviser shall serve as the investment adviser to the Mississippi Fund for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to the Mississippi Fund will be prorated.

This obligation of the Adviser to reimburse the Trust for expenses may be amended or terminated at any time by the Adviser without the consent of the Trust by written notice from the Adviser to the Trust.

4. Covenants of the Adviser. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Trust, except as permitted by the Investment Company Act of 1940, as amended, and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Mississippi Fund except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus of the Trust relative to the Adviser and its Directors and officers.

5. Limitation of Liability of the Adviser. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Mississippi Fund, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Section 5, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

6. Activities of the Adviser. The services of the Adviser to the Mississippi Fund are not to be deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Trust agrees that if the Adviser shall for any reason no longer serve as the investment adviser to the Mississippi Fund, the Mississippi Fund will change its name so as to delete the initials "MFS". It is understood that Trustees, officers, and shareholders of the Mississippi Fund are or may be or become interested in the Adviser, as directors, officers, employees, or otherwise and that directors, officers and employees of the Adviser are or may become similarly interested in the Mississippi Fund, and that the Adviser may be or become interested in the Mississippi Fund as a shareholder or otherwise.

7. Duration, Termination and Amendments of this Agreement. This

Agreement shall become effective as of the day and year first above written and shall govern the relations between the parties hereto thereafter, and shall remain in force with respect to the Mississippi Fund until December 1, 1993 on which date it will terminate with respect to the Mississippi Fund unless its continuance after December 1, 1993 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of the Mississippi Fund.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Trust, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of the Mississippi Fund.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities" of the Mississippi Fund, "assignment," "affiliated person," and "interested persons," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940, as amended, and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunder duly authorized, all as of the day and year first above written. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the Trust estate.

MFS MULTI-STATE MUNICIPAL
BOND TRUST on behalf of the MFS
Mississippi Municipal Bond Fund

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and President

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of August, 1992, by and between MFS WASHINGTON MUNICIPAL BOND FUND (the "Fund"), a portfolio of MFS Multi-State Municipal Bond Trust (the "Trust"), a Massachusetts business trust, and Massachusetts Financial Services Company, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940 divided into separate portfolios of shares; and

WHEREAS, the Adviser is willing to provide business management services to the Trust with respect to the Washington Fund on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. Duties of the Adviser. The Adviser shall provide the Washington Fund with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Washington Fund and as such shall furnish continuously an investment program for the Washington Fund and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Washington Fund shall be held uninvested, subject always to the restrictions of the Trust's Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act"), and the Rules, Regulations and orders thereunder, and to the Washington Fund's then-current Prospectus. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the fund securities of the Washington Fund shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Washington Fund, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of fund securities for the Washington Fund's account with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Washington Fund to give instructions to the Custodian of the Trust as to deliveries of securities and payments of cash for the account of the Washington Fund. In connection with the

selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Washington Fund execution at the best available price. Subject to this requirement of seeking the best available price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

2. Allocation of Charges and Expenses. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of the Washington Fund and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions of the Washington Fund. The Adviser shall arrange, if desired by the Washington Fund, for directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Washington Fund will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Washington Fund; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Washington Fund; expenses of servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Trust on behalf of the Washington Fund, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Washington Fund; expenses of shareholder meetings; expenses relating to the issuance, registration and qualification of shares of the Washington Fund and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); and all such expenses to be allocated among the respective portfolios of the Trust as provided in Section 6.9 of the Declaration.

3. Compensation of the Adviser. The Washington Fund shall pay to the Adviser an investment advisory fee computed and paid monthly in an amount equal to 0.55% of the average daily net assets attributable to such Fund on an annualized basis for the Trust's then-current fiscal year. In addition, the Adviser agrees to pay the expenses attributable to the Washington Fund described in Section 2 hereof (except for distribution fees payable by the Washington Fund under the Plan of Distribution adopted pursuant to Rule 12b-1 under the 1940 Act, dated as of August 1, 1992, as amended from time to time, of such Fund (the "Distribution Fees")), until December 31, 2001, and to pay the expenses relating to the organization of the Washington Fund, all subject to reimbursement by the Washington Fund. To accomplish the reimbursement of expenses of the Washington Fund advanced by the Adviser, the Trust shall pay the Adviser out of the assets of such Fund an expense reimbursement fee, in addition to the investment advisory fee and Distribution Fees payable with respect to such Fund, such

expense reimbursement fee to be computed and paid monthly at the annual rate of 0.40% of the average daily net assets of such Fund for its then-current year. The obligation of the Trust to make payments of the expense reimbursement fee payable by the Trust with respect to the Washington Fund shall terminate on the earlier of the date on which the total of the payments of such fee made by the Trust equal the prior payment by the Adviser of reimbursable expenses attributable to the Washington Fund or December 31, 2001. If the Adviser shall serve as the investment adviser to the Washington Fund for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to the Washington Fund shall be prorated.

This obligation of the Adviser to reimburse the Trust for expenses may be amended or terminated at any time by the Adviser without the consent of the Trust by written notice from the Adviser to the Trust.

4. Covenants of the Adviser. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Trust, except as permitted by the Investment Company Act of 1940, as amended, and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Washington Fund except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus of the Trust relative to the Adviser and its Directors and officers.

5. Limitation of Liability of the Adviser. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Washington Fund, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Section 5, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

6. Activities of the Adviser. The services of the Adviser to the Washington Fund are not to be deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Washington Fund agrees that if the Adviser shall for any reason no longer serve as the investment adviser to the Washington Fund, the Washington Fund will change its name so as to delete the initials "MFS". It is understood that Trustees, officers, and shareholders of the Washington Fund are or may be or become interested in the Adviser, as directors, officers, employees, or otherwise and that directors, officers and employees of the Adviser are or may become similarly interested in the Washington Fund, and that the Adviser may be or become interested in the Washington Fund as a shareholder or otherwise.

7. Duration, Termination and Amendments of this Agreement. This Agreement shall become effective as of the day and year first above written and shall govern the relations between the parties hereto thereafter, and shall

remain in force with respect to the Washington Fund until December 1, 1993 on which date it will terminate with respect to the Washington Fund unless its continuance after December 1, 1993 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of the Washington Fund.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Trust, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of the Washington Fund.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities" of the Washington Fund, "assignment," "affiliated person," and "interested persons," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940, as amended, and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunder duly authorized, all as of the day and year first above written. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the Trust estate.

MFS MULTI-STATE MUNICIPAL
BOND TRUST on behalf of the
MFS Washington Municipal Bond Fund

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN

A. Keith Brodtkin
Chairman and President

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of February, 1993, by and between MFS LOUISIANA MUNICIPAL BOND FUND (the "Louisiana Fund"), a portfolio of MFS Multi-State Municipal Bond Trust (the "Trust"), a Massachusetts business trust, and Massachusetts Financial Services Company, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940 divided into separate portfolios of shares; and

WHEREAS, the Adviser is willing to provide business management services to the Trust with respect to the Louisiana Fund on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. Duties of the Adviser. The Adviser shall provide the Louisiana Fund with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Louisiana Fund and as such shall furnish continuously an investment program for the Louisiana Fund and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Louisiana Fund shall be held uninvested, subject always to the restrictions of the Trust's Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act"), and the Rules, Regulations and orders thereunder, and to the Louisiana Fund's then-current Prospectus. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the fund securities of the Louisiana Fund shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Louisiana Fund, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of fund securities for the Louisiana Fund's account with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Louisiana Fund to give instructions to the Custodian of the Trust as to deliveries of securities and

payments of cash for the account of the Louisiana Fund. In connection with the selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Louisiana Fund execution at the best available price. Subject to this requirement of seeking the best available price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

2. Allocation of Charges and Expenses. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of the Louisiana Fund and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions of the Louisiana Fund. The Adviser shall arrange, if desired by the Louisiana Fund, for directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Louisiana Fund will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Louisiana Fund; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Louisiana Fund; expenses of servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Trust on behalf of the Louisiana Fund, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Louisiana Fund; expenses of shareholder meetings; expenses relating to the issuance, registration and qualification of shares of the Louisiana Fund and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); and all such expenses to be allocated among the respective portfolios of the Trust as provided in Section 6.9 of the Declaration.

3. Compensation of the Adviser. The Louisiana Fund shall pay to the Adviser an investment advisory fee computed and paid monthly in an amount equal to 0.55% of the average daily net assets attributable to such Fund on an annualized basis for the Trust's then-current fiscal year. In addition, the Adviser agrees to pay the expenses attributable to the Louisiana Fund described in Section 2 hereof (except for distribution fees payable by the Louisiana Fund under the Plan of Distribution adopted pursuant to Rule 12b-1 under the 1940 Act, dated as of February 1, 1993, as amended from time to time, of such Fund (the "Distribution Fees")), until December 31, 2002, and to pay the expenses relating to the organization of the Louisiana Fund, all subject to reimbursement by the Louisiana Fund. To accomplish the reimbursement of expenses of the Louisiana Fund advanced by the Adviser, the Trust shall pay the Adviser out of the assets of such Fund an expense reimbursement fee, in addition to the

investment advisory fee and Distribution Fees payable with respect to such Fund, such expense reimbursement fee to be computed and paid monthly at the annual rate of 0.40% of the average daily net assets of such Fund for its then-current year. The obligation of the Trust to make payments of the expense reimbursement fee payable by the Trust with respect to the Louisiana Fund shall terminate on the earlier of the date on which the total of the payments of such fee made by the Trust equal the prior payment by the Adviser of reimbursable expenses attributable to the Louisiana Fund or December 31, 2002. If the Adviser shall serve as the investment adviser to the Louisiana Fund for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to the Louisiana Fund will be prorated.

This obligation of the Adviser to reimburse the Trust for expenses may be amended or terminated at any time by the Adviser without the consent of the Trust by written notice from the Adviser to the Trust.

4. Covenants of the Adviser. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Trust, except as permitted by the Investment Company Act of 1940, as amended, and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Louisiana Fund except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus of the Trust relative to the Adviser and its Directors and officers.

5. Limitation of Liability of the Adviser. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Louisiana Fund, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Section 5, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

6. Activities of the Adviser. The services of the Adviser to the Louisiana Fund are not to be deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Louisiana Fund agrees that if the Adviser shall for any reason no longer serve as the investment adviser to the Louisiana Fund, the Louisiana Fund will change its name so as to delete the initials "MFS". It is understood that Trustees, officers, and shareholders of the Louisiana Fund are or may be or become interested in the Adviser, as directors, officers, employees, or otherwise and that directors, officers and employees of the Adviser are or may become similarly interested in the Louisiana Fund, and that the Adviser may be or become interested in the Louisiana Fund as a shareholder or otherwise.

7. Duration, Termination and Amendments of this Agreement. This Agreement shall become effective as of the day and year first above written and

shall govern the relations between the parties hereto thereafter, and shall remain in force with respect to the Louisiana Fund until February 1, 1995 on which date it will terminate with respect to the Louisiana Fund unless its continuance after February 1, 1995 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of the Louisiana Fund.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Trust, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of the Louisiana Fund.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities" of the Louisiana Fund, "assignment," "affiliated person," and "interested persons," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940, as amended, and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunder duly authorized, all as of the day and year first above written. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the Trust estate.

MFS MULTI-STATE MUNICIPAL
BOND TRUST on behalf of the
MFS Louisiana Municipal Bond Fund

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and President

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of February, 1993, by and between MFS PENNSYLVANIA MUNICIPAL BOND FUND (the "Pennsylvania Fund"), a portfolio of MFS Multi-State Municipal Bond Trust (the "Trust"), a Massachusetts business trust, and Massachusetts Financial Services Company, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940 divided into separate portfolios of shares; and

WHEREAS, the Adviser is willing to provide business management services to the Trust with respect to the Pennsylvania Fund on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. Duties of the Adviser. The Adviser shall provide the Pennsylvania Fund with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Pennsylvania Fund and as such shall furnish continuously an investment program for the Pennsylvania Fund and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Pennsylvania Fund shall be held uninvested, subject always to the restrictions of the Trust's Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act"), and the Rules, Regulations and orders thereunder, and to the Pennsylvania Fund's then-current Prospectus. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the fund securities of the Pennsylvania Fund shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Pennsylvania Fund, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of fund securities for the Pennsylvania Fund's account with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Pennsylvania Fund to give instructions to the Custodian of the Trust as to deliveries of securities and payments of cash for the account of the Pennsylvania Fund. In connection with the selection of such brokers or dealers

and the placing of such orders, the Adviser is directed to seek for the Pennsylvania Fund execution at the best available price. Subject to this requirement of seeking the best available price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

2. Allocation of Charges and Expenses. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of the Pennsylvania Fund and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions of the Pennsylvania Fund. The Adviser shall arrange, if desired by the Pennsylvania Fund, for directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Pennsylvania Fund will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Pennsylvania Fund; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Pennsylvania Fund; expenses of servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Trust on behalf of the Pennsylvania Fund, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Pennsylvania Fund; expenses of shareholder meetings; expenses relating to the issuance, registration and qualification of shares of the Pennsylvania Fund and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses); and all such expenses to be allocated among the respective portfolios of the Trust as provided in Section 6.9 of the Declaration.

3. Compensation of the Adviser. The Pennsylvania Fund shall pay to the Adviser an investment advisory fee computed and paid monthly in an amount equal to 0.55% of the average daily net assets attributable to such Fund on an annualized basis for the Trust's then-current fiscal year. In addition, the Adviser agrees to pay the expenses attributable to the Pennsylvania Fund described in Section 2 hereof (except for distribution fees payable by the Pennsylvania Fund under the Plan of Distribution adopted pursuant to Rule 12b-1 under the 1940 Act, dated as of February 1, 1993, as amended from time to time, of such Fund (the "Distribution Fees")), until December 31, 2002, and to pay the expenses relating to the organization of the Pennsylvania Fund, all subject to reimbursement by the Pennsylvania Fund. To accomplish the reimbursement of expenses of the Pennsylvania Fund advanced by the Adviser, the Trust shall pay the Adviser out of the assets of such Fund an expense reimbursement fee, in

addition to the investment advisory fee and Distribution Fees payable with respect to such Fund, such expense reimbursement fee to be computed and paid monthly at the annual rate of 0.40% of the average daily net assets of such Fund for its then-current year. The obligation of the Trust to make payments of the expense reimbursement fee payable by the Trust with respect to the Pennsylvania Fund shall terminate on the earlier of the date on which the total of the payments of such fee made by the Trust equal the prior payment by the Adviser of reimbursable expenses attributable to the Pennsylvania Fund or December 31, 2002. If the Adviser shall serve as the investment adviser to the Pennsylvania Fund for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to the Pennsylvania Fund shall be prorated.

This obligation of the Adviser to reimburse the Trust for expenses may be amended or terminated at any time by the Adviser without the consent of the Trust by written notice from the Adviser to the Trust.

4. Covenants of the Adviser. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Trust, except as permitted by the Investment Company Act of 1940, as amended, and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Pennsylvania Fund except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus of the Trust relative to the Adviser and its Directors and officers.

5. Limitation of Liability of the Adviser. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Pennsylvania Fund, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Section 5, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

6. Activities of the Adviser. The services of the Adviser to the Pennsylvania Fund are not to be deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Pennsylvania Fund agrees that if the Adviser shall for any reason no longer serve as the investment adviser to the Pennsylvania Fund, the Pennsylvania Fund will change its name so as to delete the initials "MFS". It is understood that the Trustees, officers, and shareholders of the Pennsylvania Fund are or may be or become interested in the Adviser, as directors, officers, employees, or otherwise and that directors, officers and employees of the Adviser are or may become similarly interested in the Pennsylvania Fund, and that the Adviser may be or become interested in the Pennsylvania Fund as a shareholder or otherwise.

7. Duration, Termination and Amendments of this Agreement. This Agreement shall become effective as of the day and year first above written and

shall govern the relations between the parties hereto thereafter, and shall remain in force with respect to the Pennsylvania Fund until February 1, 1995 on which date it will terminate with respect to the Pennsylvania Fund unless its continuance after February 1, 1995 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of the Pennsylvania Fund.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Trust, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of the Pennsylvania Fund.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities" of the Pennsylvania Fund, "assignment," "affiliated person," and "interested persons," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940, as amended, and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunder duly authorized, all as of the day and year first above written. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the Trust estate.

MFS MULTI-STATE MUNICIPAL
BOND TRUST on behalf of the
MFS Pennsylvania Municipal Bond Fund

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN
A. Keith Brodtkin
Chairman and President

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of September, 1993, by and between MFS MUNICIPAL SERIES TRUST, a Massachusetts business trust (the "Trust"), on behalf of the MFS CALIFORNIA MUNICIPAL BOND FUND (the "Fund"), a series of the Trust, and MASSACHUSETTS FINANCIAL SERVICES COMPANY, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is an open-end investment company registered under the Investment Company Act of 1940; and

WHEREAS, the Adviser is willing to provide business management and investment advisory services to the Fund with respect to the Fund on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

Article 1. Duties of the Adviser. The Adviser shall provide the Fund with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of the funds of the Fund. The Adviser shall act as Adviser to the Fund and as such shall furnish continuously an investment program for the Fund and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Fund shall be held uninvested, subject always to the restrictions of the Trust's Declaration of Trust, dated August 23, 1984, as amended, and By-Laws, as amended, as each may be further amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, and the Rules, Regulations and orders thereunder, and to the then-current Prospectus for the Fund. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the portfolio securities of the Fund shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such a notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Fund, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of portfolio securities for the account of the Fund with brokers or dealers selected by it, and to that end the Adviser is authorized as the agent of the Fund to give instructions to the Custodian of the Fund as to deliveries of securities and payments of cash for the account of the Fund. In connection with the selection of such brokers or dealers and the placing of such orders, the

Adviser is directed to seek execution at the most favorable price. Subject to this requirement of seeking the most favorable price, securities may be bought from or sold to broker dealers who have furnished statistical, research and other information or services to the Adviser.

Article 2. Allocation of Charges and Expenses. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investment of the Fund and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions for the Fund. The Adviser shall arrange, if desired by the Trust, for Directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Fund will pay all of its own expenses including, without limitation, compensation of Trustees not "affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Fund; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Fund; expenses of repurchasing and redeeming shares and servicing shareholder accounts; expenses of preparing, printing and mailing share certificates, shareholders' reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Fund, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Fund; expenses of shareholders' meetings; expenses relating to the issuance, registration and qualification of shares of the Fund and the preparation, printing and mailing of prospectuses for such purposes (except to the extent of any Distribution Agreement to which the Trust is a party provides that another party is to pay some or all of such expenses).

Article 3. Compensation of the Adviser. For the services to be rendered and the facilities to be provided, the Fund shall pay to the Adviser an investment advisory fee computed and paid monthly at the annual rate equal to 0.55% of the Fund's average daily net assets on an annualized basis for the Fund's then-current fiscal year. In addition, the Adviser agrees to pay the Fund's expenses in Article 2 hereof (except for fees payable by the Fund under the Distribution Agreement, dated as of April 10, 1985, by and between the Fund's predecessor, MFS California Municipal Bond Fund, and Massachusetts Financial Services Company (the "distribution fees")), until December 31, 1996, and to pay the expenses after April 9, 1985 relating to the organization of the Fund, all subject to reimbursement by the Fund. To accomplish the reimbursement of expenses advanced by the Adviser, the Fund shall pay the Adviser out of the Fund's assets of an expense reimbursement fee in addition to the investment advisory fee and distribution fees payable, such expense reimbursement fee to be computed and paid monthly at the annual rate equal to 0.70% of the Fund's average daily net assets for its then-current fiscal year until November 30, 1986, and thereafter at an annual rate equal to 0.95% of the Fund average daily net assets for its then-current fiscal-year; provided, that such expense

reimbursement payment shall be made only to the extent that immediately after any such payment the Adviser would not be obligated to reimburse any amount to the Fund pursuant to Article 4 hereof. The first payment of the expense reimbursement fee shall be made by the Fund on November 30, 1985. The obligation of the Fund to make payment of the expense reimbursement fee shall terminate on the earlier of the date on which the total of the payments of such fee made by the Fund equal the prior payment by the Adviser of the Fund's reimbursable expenses attributable to the Fund or December 31, 1995. If the Adviser shall serve as the investment adviser to the Fund for less than the whole of any period specified in this Article 3, the compensation (including the expense reimbursement) payable to the Adviser will be prorated.

Article 4. Expense Limitation. Within 30 days following the close of any fiscal year of the Fund, the Adviser shall pay to the Fund a sum equal to the amount, if any, by which the aggregate expenses, exclusive of interest, taxes, brokerage commissions and extraordinary expenses, incurred by the Fund during that fiscal year exceed the Maximum Percentage in effect from time to time during such fiscal year. As used herein, the term "Maximum Percentage" shall mean .95% during the period ending November 30, 1985, and 1.25% thereafter until November 30, 1986 and 1.50% thereafter. Notwithstanding the foregoing, the Adviser agrees that the Maximum Percentage will at all times be limited so that the aggregate expenses of the Fund subject to reimbursement by the Adviser as set forth above shall not exceed 2% of the first \$10,000,000 of the Fund's average daily net assets, 1 1/2% of the next \$20,000,000 of such average daily net assets and 1% of such average daily net assets in excess of \$30,000,000; this limitation shall be in effect for so long as required as a condition to continued qualification of shares of the Fund for sale in California, and shall be deemed to be amended from time to time without necessity for further action if and to the extent that expense limitations imposed under California are amended. This obligation of the Adviser to reimburse the Fund for expenses may be amended or terminated at any time by the Adviser without consent of the Fund by written notice from the Adviser to the Fund.

Article 5. Covenants of the Adviser. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the principal underwriter, if any, for the Trust as principals in making purchases or sales of securities or other property for the account of the Fund, except as permitted by the Investment Company Act of 1940 and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Fund except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus for the Fund relative to the Adviser and its Directors and officers.

Article 6. Limitation of Liability of the Adviser. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Fund, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its duties and obligations hereunder. As used in this Article 6, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

Article 7. Activities of the Adviser. The services of the Adviser to the Fund are not to be deemed exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in their names. The Fund agrees that if the Adviser shall for any reason no longer serve as the Adviser to the Fund, the Fund will immediately change its name so as to delete the initials "MFS". It is understood that the Trustees, officers, and shareholders of the Trust are or may be or become interested in the Adviser, as Directors, officers, employees, or otherwise and that Directors, officers and employees of the Adviser are or may become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

Article 8. Duration, Termination and Amendments of this Agreement. This Agreement shall become effective as of the day and year first above written and shall govern the relations between the parties hereto thereafter, and shall remain in force until August 1, 1995 on which date it will terminate unless its continuance after August 1, 1995 is "specifically approved at least annually" (i) by a the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of the majority of the outstanding voting securities" of the Fund.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Fund, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such amendment is approved by "vote of a majority of the outstanding voting securities" of the Fund.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities", "assignment," "affiliated person," and "interested person," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940 and the Rules and Regulations thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunto duly authorized, and their respective seals to be hereto affixed, all as of the day and year first written above. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the trust estate applicable to the Fund.

MFS MUNICIPAL SERIES TRUST on

behalf of MFS CALIFORNIA
MUNICIPAL BOND FUND

By: A. KEITH BRODKIN
A. Keith Brodkin
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN
A. Keith Brodkin
Chairman

INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT, dated as of the 1st day of September, 1993, by and between MFS MUNICIPAL SERIES TRUST, a Massachusetts business trust (the "Trust"), on behalf of MFS MUNICIPAL INCOME FUND (the "Fund") a series of the Trust, and MASSACHUSETTS FINANCIAL SERVICES COMPANY, a Delaware corporation (the "Adviser").

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end investment company registered under the Investment Company Act of 1940; and

WHEREAS, the Adviser is willing to provide business management services to the Fund on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

Article 1. Duties of the Adviser. The Adviser shall provide the Fund with such investment advice and supervision as the latter may from time to time consider necessary for the proper supervision of its funds. The Adviser shall act as Adviser to the Fund and as such shall furnish continuously an investment program and shall determine from time to time what securities shall be purchased, sold or exchanged and what portion of the assets of the Fund shall be held uninvested, subject always to the restrictions of the Declaration of Trust of the Trust, dated August 23, 1984, and By-Laws, each as amended from time to time (respectively, the "Declaration" and "By-Laws"), to the provisions of the Investment Company Act of 1940, and the Rules, Regulations and orders thereunder, and to the Fund's then-current Prospectus and Statement of Additional Information. The Adviser shall also make recommendations as to the manner in which voting rights, rights to consent to corporate action and any other rights pertaining to the Fund's portfolio securities shall be exercised. Should the Trustees at any time, however, make any definite determination as to investment policy and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Fund, all actions which it deems necessary to implement the investment policies determined as provided above, and in particular to place all orders for the purchase or sale of portfolio securities for the Fund's account with brokers or dealers selected by it, and to that end, the Adviser is authorized as the agent of the Fund to give instructions to the Custodian of the Fund as to deliveries of securities and payments of cash for the account of the Fund. In connection with the selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Fund execution at the most reasonable price by responsible brokerage firms of reasonably competitive commission rates. In fulfilling this requirement the

Adviser shall not be deemed to have acted unlawfully or to have breached any duty, created by this Agreement or otherwise, solely by reason of its having caused the Fund to pay a broker or dealer an amount of commission another broker or dealer would have charged for effecting that transaction, if the Adviser determined in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the Fund and to other clients of the Adviser as to which the Adviser exercises investment discretion.

Article 2. Allocation of Charges and Expenses. The Adviser shall furnish at its own expense investment advisory and administrative services, office space, equipment and clerical personnel necessary for servicing the investments of the Fund and maintaining its organization, and investment advisory facilities and executive and supervisory personnel for managing the investments and effecting the portfolio transactions of the Fund. The Adviser shall arrange, if desired by the Trust, for Directors, officers and employees of the Adviser to serve as Trustees, officers or agents of the Trust if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law. It is understood that the Fund will pay all of its own expenses including, without limitation, compensation of Trustees "not affiliated" with the Adviser; governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to the Fund; fees and expenses of independent auditors, of legal counsel and of any transfer agent, registrar or dividend disbursing agent of the Fund; expenses of repurchasing and redeeming shares and servicing shareholder accounts; expenses of preparing, printing and mailing stock certificates, shareholder reports, notices, proxy statements and reports to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of the custodian for all services to the Fund, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of the Fund; expenses of shareholders' meetings; expenses relating to the issuance, registration and qualification of shares of the Fund and the preparation, printing and mailing of prospectuses for such purposes (except to the extent that any Distribution Agreement to which the Trust is a party on behalf of the Fund provides that another party is to pay some or all of such expenses).

Article 3. Compensation of the Adviser. For the services to be rendered and the facilities provided, the Fund shall pay to the Adviser an investment advisory fee computed and paid monthly at a rate equal to 0.30% of the Fund's average daily net assets plus 6.43% of the Fund's gross income (i.e., income other than from the sale of securities, short-term gains from options and futures transactions and premium income from options written) for its then-current fiscal year. Payment of the foregoing fee is subject to the provision that within 30 days following the close of any fiscal year of the Fund, the Adviser will pay to the Fund a sum equal to the amount by which the aggregate expenses of the Trust, but excluding interest, taxes, brokerage commissions and extraordinary expenses, incurred during such fiscal year exceed the sum of (a) 2 1/2% of the first \$30 million of the Fund's average daily net assets, (b) 2% of

the next \$70 million of the Fund's average daily net assets, and (c) 1 1/2% of the remaining average daily net assets of the Fund. The obligation of the Adviser to reimburse the Fund for expenses incurred during any year may be terminated or revised at any time by the Adviser without the consent of the Fund by notice in writing from the Adviser to the Fund. If the Adviser shall serve for less than the whole of any period specified in this Section 3, the compensation (including the expense reimbursement) payable to the Adviser with respect to the Fund will be prorated.

Article 4. Covenants of the Adviser. The Adviser agrees that it will not deal with itself, or with the Trustees of the Trust or the Trust's principal underwriter, if any, as principals in making purchases or sales of securities or other property for the account of the Fund, except as permitted by the Investment Company Act of 1940 and the Rules, Regulations or orders thereunder, will not take a long or short position in the shares of the Fund except as permitted by the Declaration, and will comply with all other provisions of the Declaration and the By-Laws and the then-current Prospectus and Statement of Additional Information of the Fund relative to the Adviser and its Directors and officers.

Article 5. Limitation of Liability of the Adviser. The Adviser shall not be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Fund, except for willful misfeasance, bad faith or gross negligence in the performance of its duties and obligations hereunder. As used in this Article 5, the term "Adviser" shall include Directors, officers and employees of the Adviser as well as that corporation itself.

Article 6. Activities of the Adviser. The services of the Adviser to the Fund are not deemed to be exclusive, the Adviser being free to render investment advisory and/or other services to others. The Adviser may permit other fund clients to use the initials "MFS" in its name. The Fund agrees that if the Adviser shall for any reason no longer serve as the Adviser for the Fund, the Fund will change their names so as to delete the initials "MFS". It is understood that the Trustees, officers, and shareholders of the Trust are or may be or become interested in the Adviser, as Directors, officers, employees, or otherwise and that Directors, officers and employees of the Adviser are or may become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

Article 7. Duration, Termination and Amendments of this Agreement. This Agreement shall become effective on the date first above written and shall govern the relations between the parties hereto thereafter, and shall remain in force until August 1, 1995 on which date it will terminate unless its continuance after August 1, 1995 is "specifically approved at least annually" (i) by the vote of a majority of the Trustees of the Trust who are not "interested persons" of the Trust or of the Adviser at a meeting specifically called for the purpose of voting on such approval, and (ii) by the Board of Trustees of the Trust, or by "vote of a majority of the outstanding voting securities" of the Fund.

This Agreement may be terminated at any time without the payment of any penalty by the Trustees or by "vote of a majority of the outstanding voting securities" of the Fund, or by the Adviser, in each case on not more than sixty days' nor less than thirty days' written notice to the other party. This Agreement shall automatically terminate in the event of its "assignment."

This Agreement may be amended only if such agreement is approved by "vote of a majority of the outstanding voting securities" of the Fund.

The terms "specifically approved at least annually," "vote of a majority of the outstanding voting securities," "assignment," "affiliated person," and "interested person," when used in this Agreement, shall have the respective meanings specified in, and shall be construed in a manner consistent with, the Investment Company Act of 1940 and the Rules and Regulations promulgated thereunder, subject, however, to such exemptions as may be granted by the Securities and Exchange Commission under said Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered in their names and on their behalf by the undersigned, thereunto duly authorized, and their respective seals to be hereto affixed, all as of the day and year first written above. The undersigned Trustee of the Trust has executed this Agreement not individually, but as Trustee under the Declaration and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Trust, individually, but bind only the trust estate applicable to the Fund.

MFS MUNICIPAL SERIES TRUST on
behalf of MFS MUNICIPAL INCOME
FUND

By: A. KEITH BRODKIN
A. Keith Brodkin
Chairman and Trustee

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: A. KEITH BRODKIN
A. Keith Brodkin
Chairman

MFS MULTI-STATE MUNICIPAL BOND TRUST

RETIREMENT PLAN FOR NON-INTERESTED PERSON TRUSTEES

MFS Multi-State Municipal Bond Trust (the "Fund") has adopted this Retirement Plan for Non-Interested Person Trustees (the "Plan"). The Plan has been established for the purpose of providing certain benefits to eligible Independent Trustees of the Fund, or their beneficiaries, after termination of the Independent Trustees' services as such.

1. DEFINITIONS

The following terms shall have the following meanings:

Accrued Benefit: A benefit which is equal to the Normal Retirement Benefit calculated using an Independent Trustee's Years of Service and Annual Compensation as of the determination date.

Actuarial Equivalent: A benefit equal in value, based on (a) an interest rate equal to the immediate annuity rate published by the Pension Guaranty Corporation for the January of the Plan Year of calculation and (b) the 1983 Individual Annuity Mortality Tables for Males.

Annual Compensation: The average of the total compensation (retainer and meeting fees) received by an Independent Trustee during each of the last three Plan Years preceding his termination of services as such for which he served either as an Independent Trustee or a Nonaffiliated Trustee for the entire year; provided, that if an Independent Trustee served as an Independent Trustee and/or a Nonaffiliated Trustee for fewer than three full Plan Years prior to his termination of services, there shall be taken into account his annualized compensation for the one or more most recent partial Plan Years (if any) for which he served as an Independent Trustee or a Nonaffiliated Trustee that, when aggregated with his full Plan Years, does not exceed three Plan Years.

Disability: Disability as defined in ss.22(e)(3) of the Internal Revenue Code of 1986, as amended.

Independent Trustee: A Trustee of the Fund who is not an "interested person" (as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended) of the Fund,

Lifetime Advisers, Inc. ("Lifetime"), Massachusetts Financial Services Company ("MFS") or MFS Financial Services, Inc. ("FSI").

Nonaffiliated Trustee: A Trustee of the Fund who has no material business or professional relationship with the Fund, Lifetime, MFS or FSI and who is subject to being declared an "interested person" solely by reason of his relationship with the Fund, Lifetime, MFS or FSI during the two most recently completed fiscal years of the Fund.

Normal Retirement Benefit: An annual benefit at Normal Retirement Date equal to 5% of an Independent Trustee's Annual Compensation multiplied by the Independent Trustee's whole Years of Service, up to a maximum of ten Years of Service, payable in the Normal Form of Benefit, as defined in ss.3(g).

Normal Retirement Date: December 31 of the Plan Year in which an Independent Trustee attains age 75 or December 31, 1992.

Plan Year: January 1 through December 31.

Retirement: Termination of service of an Independent Trustee after having completed at least Five Years of Service and having attained age 62, other than: (1) any termination by reason of death; (ii) any termination by reason of Disability, provided that any Independent Trustee who suffers a Disability and who has otherwise satisfied the requirements for Retirement shall have the right to elect whether his termination is by reason of Retirement or by reason of Disability; or (iii) any termination resulting from the Independent Trustee's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of Independent Trustee ("Misconduct").

Year of Service: A Plan Year during which an Independent Trustee completed at least six months of service as either a Nonaffiliated Trustee or an Independent Trustee.

2. ELIGIBILITY

No Trustee of the Fund shall be eligible to participate in the Plan or be entitled to any rights or benefits hereunder until the Trustee becomes an Independent Trustee. Each individual who completes any service as an Independent Trustee on or after the Effective Date of this Plan, and who so elects in such manner as the Committee determines from time to time, will be eligible to participate in the Plan.

3. RETIREMENT DATE; AMOUNT OF BENEFIT

- (a) Retirement. Each Independent Trustee shall retire on that Independent Trustee's Normal Retirement Date, if he has not previously ceased to perform services as an Independent Trustee. Each retired Independent Trustee is referred to as a "Retired Trustee".
- (b) Normal Retirement Benefit. Upon an Independent Trustee's Retirement on his Normal Retirement Date, the Independent Trustee shall receive, commencing on his Normal Retirement Date, his Normal Retirement Benefit.
- (c) Early Retirement Benefit. Upon an Independent Trustee's Retirement prior to his Normal Retirement Date, the Independent Trustee shall receive an Early Retirement Benefit commencing on the Independent Trustee's date of Retirement. The benefit payable on an Independent Trustee's early Retirement shall be his Accrued Benefit reduced by 3% for every year that payment of an Early Retirement Benefit precedes that Trustee's Normal Retirement Date.
- (d) Deferred Termination Benefit. If an Independent Trustee's service as such terminates, other than (i) termination as a result of his Misconduct or (ii) termination that constitutes termination by reason of his Retirement, Disability or death, after he has completed at least five Years of Service, he shall receive, commencing on the date he attains age 62, his Accrued Benefit reduced by 39%.
- (e) Disability Benefit. If an Independent Trustee's service as such terminates by reason of his Disability and, if the Independent Trustee is eligible for Retirement, he elects that his termination be treated as being by reason of Disability, he shall receive his Accrued Benefit paid for the one hundred twenty (120) months immediately following the month in which his service so terminates. In the event the Independent Trustee dies before he has received one hundred twenty (120) payments, monthly payments in the same amount shall be paid to his beneficiary until the number of payments to the Independent Trustee plus the number of payments to the beneficiary equal one hundred twenty (120) payments.
- (f) Death Benefit. Each Independent Trustee who elects to participate in this Plan shall designate a beneficiary in such form as the Committee approves from time to time to receive any benefits payable under this Plan in the event of his death. In the event there is no validly designated beneficiary in existence on the date of an Independent Trustee's death, his beneficiary shall be his surviving spouse, if any, or if none, his estate. The beneficiary of an Independent Trustee who dies during service, and with

respect to whom benefit payments have not commenced, shall be entitled to that Independent Trustee's Accrued Benefit paid for the one hundred twenty (120) months immediately following death.

- (g) Form of Benefit. Except as otherwise provided in this (S)3, benefits payable under this (S)3 shall be payable in the form of a monthly annuity for the life of the Independent Trustee, and, if the Independent Trustee dies before he has received one hundred twenty (120) payments, monthly payments in the same amount shall be payable to his beneficiary until the number of payments to the Independent Trustee plus the number of payments to the beneficiary equal one hundred twenty (120) payments (the "Normal Form of Benefit"). However, notwithstanding any other provision of this Section 3 to the contrary, if an Independent Trustee's beneficiary is entitled to payments under this Plan upon the Independent Trustee's death, then (i) if the Independent Trustee's beneficiary is his estate, the lump sum Actuarial Equivalent present value of those payments shall be paid to the estate in a single lump sum as soon as administratively reasonable following the Independent Trustee's death, and (ii) if the Independent Trustee's beneficiary is other than his estate, the Committee in its sole discretion may direct that the Actuarial Equivalent value of those payments be paid in such form other than the Normal Form of Benefit (including without limitation a lump sum) as it determines.

4. PAYMENT OF BENEFIT; ALLOCATION OF COSTS

The Fund is responsible for the payment of the benefits, as well as all expenses of administration of the Plan, including without limitation all accounting, legal and actuarial fees and expenses. The obligations of the Fund to pay such benefits and expenses will not be secured or funded in any manner, and the obligations will not have any preference over the lawful claims of the Fund's creditors and shareholders. The Fund shall be under no obligation to segregate any assets for the purpose of providing retirement benefits pursuant to this Plan, and to the extent that any Independent Trustee or beneficiary acquires a right to receive a benefit under the Plan, such right shall be limited to that of a recipient of an unfunded, unsecured promise to pay amounts in the future and such person's position with respect to such amounts shall be that of a general unsecured creditor of the Fund. To the extent that the Fund consists of one or more separate portfolios, costs and expenses will be allocated among the portfolios by the Board of Trustees of the Fund (the "Board") in a manner that is determined by the Board to be fair and equitable under the circumstances.

5. ADMINISTRATION

- (a) The Committee. Any question involving entitlement to payments under or the interpretation or administration of the Plan will be referred to a committee (the "Committee") of Independent Trustees designated by the Board. Except as otherwise provided herein, the Committee will make all interpretations and determinations necessary or desirable for the Plan's administration, and such interpretations and determinations will be final and conclusive.
- (b) Powers of the Committee. The Committee will represent and act on behalf of the Fund in respect of the Plan and, subject to the other provisions of the Plan, the Committee may adopt, amend or repeal by-laws or other regulations, relating to the administration of the Plan, the conduct of the Committee's affairs, its rights or powers or the rights or powers of its members or of the Board. The Committee will report to the Board from time to time on its activities in respect of the Plan. The Committee or persons designated by it will cause such records to be kept as may be necessary for the administration of the Plan.

6. MISCELLANEOUS PROVISIONS

- (a) Rights Not Assignable. The right to receive any payment under the Plan may not be transferred, assigned, pledged or otherwise alienated.
- (b) Amendment, etc. The Committee, with the concurrence of the Board, may at any time amend or terminate the Plan or waive any provision of the Plan, provided that no amendment, termination or waiver will impair the rights of an Independent Trustee to receive upon Retirement the payments which would have been made to that Independent Trustee had there been no such amendment, termination or waiver (based upon that Independent Trustee's Years of Service to the date of such amendment, termination or waiver) or the rights of a former Independent Trustee or Retired Trustee to receive any benefit due under the Plan, without the consent of such present or former Independent Trustee or Retired Trustee, as the case may be. A present or former Independent Trustee or Retired Trustee may elect to waive receipt of his benefit by so advising the Committee.

Notwithstanding any provision of this Plan to the contrary, however, in the event of the sale of all or substantially all of the assets of the Fund, the liquidation or dissolution of the Fund, or any merger or

other similar reorganization of the Fund that the Fund does not survive:

- (i) if although the Fund does not survive there is a surviving entity, all rights and benefits (including without limitation those of Retired Trustees) under the Plan shall cease upon consummation of such transaction, unless, and only to the extent that, the board of trustees (or other similar governing body) of the surviving entity agrees to assume the Plan and/or to provide any such rights or benefits; and
 - (ii) if there is no surviving entity, the Board shall have the right to take specific action to terminate the Plan and/or to cause any or all rights and benefits (including without limitation those of Retired Trustees) under the Plan to cease as of the date of such event but, in the absence of any such specific action, the lump sum Actuarial Equivalent present value of the Accrued Benefit of each present or former Independent Trustee or Retired Trustee (or beneficiary thereof) who on the date of liquidation is receiving or entitled to receive a benefit under the Plan or would be entitled to receive a benefit under the Plan based on his actual or deemed termination of service as of the date of such liquidation shall be paid to such person.
- (c) No Right to Re-election. Nothing in the Plan will create any obligation on the part of the Board to nominate any Independent Trustee for re-election.
- (d) Vacancies. Although the Board will retain the right to increase or decrease its size, it shall be the general policy of the Board to replace each person who ceases to serve as an Independent Trustee by selecting a new Independent Trustee from candidates duly proposed.
- (e) Consulting. Each Retired Trustee may render such services for the Fund, for such compensation, as may be agreed upon from time to time by such Trustee and the Board of the Fund.
- (f) Construction. Whenever any masculine terminology is used in this Plan, it shall be taken to include the feminine, unless the context otherwise indicates. The titles and headings included herein are for convenience only and shall not be construed as in any way affecting or modifying the text of this Plan, which text shall control.

This Plan shall be construed and regulated in accordance with the laws of The Commonwealth of Massachusetts, except to the extent such state law is preempted by federal law.

- (g) Effective Date. This Plan will become effective on January 1, 1991 (the "Effective Date").

CUSTODIAN CONTRACT
 BETWEEN
 MFS MANAGED MULTI-STATE TAX-EXEMPT TRUST
 AND
 STATE STREET BANK AND TRUST COMPANY

<TABLE>
 <CAPTION>

TABLE OF CONTENTS

| <S> | <C> | PAGE <C> |
|--------|--|-------------|
| 1. | Employment of Custodian and Property to be Held By It..... | 1 |
| 2. | Duties of the Custodian with Respect to Property of the Trust Held by the Custodian..... | 2 |
| 2.1. | Holding Securities..... | 2 |
| 2.2. | Delivery of Securities..... | 2 |
| 2.3. | Registration of Securities..... | 6 |
| 2.4. | Bank Accounts..... | 6 |
| 2.5. | Payments for Shares..... | 7 |
| 2.6. | Investment and Availability of Federal Trusts..... | 7 |
| 2.7. | Collection of Income..... | 7 |
| 2.8. | Payment of Trust Monies..... | 8 |
| 2.9. | Liability for Payment in Advance of Receipt of Securities Purchased..... | 10 |
| 2.10. | Payments for Repurchases or Redemptions of Shares of the Trust..... | 10 |
| 2.11. | Appointment of Agents..... | 11 |
| 2.12. | Deposit of Trust Assets in Securities System..... | 11 |
| 2.12A. | Trust Assets Held in the Custodian's Direct Paper System..... | 13 |
| 2.13. | Segregated Account..... | 14 |
| 2.14. | Ownership Certificates for Tax Purposes..... | 15 |
| 2.15. | Proxies..... | 15 |
| 2.16. | Communications Relating to Trust Portfolio Securities..... | 16 |
| 2.17. | Proper Instructions..... | 16 |
| 2.18. | Actions Permitted Without Express Authority..... | 17 |
| 2.19. | Evidence of Authority..... | 17 |
| 3. | Duties of the Custodian with Respect to the Books of Account and Calculation of Net Asset Value and Net Income..... | 18 |
| 4. | Records..... | 18 |
| 5. | Opinion of Trust's Independent Accountants | 19 |
| 6. | Reports to Trust by Independent Public Accountants..... | 19 |
| 7. | Compensation of Custodian..... | 19 |

| | | |
|-----|--|----|
| 8. | Responsibility of Custodian..... | 19 |
| 9. | Effective Period, Termination and Amendment..... | 20 |
| 10. | Successor Custodian..... | 22 |
| 11. | Interpretive and Additional Provisions..... | 23 |
| 12. | Additional Funds..... | 23 |
| 13. | Massachusetts Law to Apply..... | 23 |
| 14. | Prior Contracts..... | 23 |

</TABLE>

CUSTODIAN CONTRACT

This Contract between MFS Managed Multi-State Tax-Exempt Trust, a business trust organized and existing under the laws of Massachusetts, having its principal place of business at 200 Berkeley Street, Boston, Massachusetts, hereinafter called the "Trust", and State Street Bank and Trust Company, a Massachusetts trust company, having its principal place of business at 225 Franklin Street, Boston, Massachusetts, 02110, hereinafter called the "Custodian".

WITNESSETH:

WHEREAS, the Trust is authorized to issue shares in separate series, with each such series representing interests in a separate portfolio of securities and other assets; and

WHEREAS, the Trust intends to offer shares in twelve series, the Georgia Series, Maryland Series, Massachusetts Series, Michigan Series, Minnesota Series, New York Series, New Jersey Series, North Carolina Series, Ohio Series, South Carolina Series, Virginia Series and West Virginia Series (Such series together with all other series subsequently established by the Trust and made subject to this Contract in accordance with paragraph 12, being herein referred to as the "Portfolio(s)");

NOW therefor, in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. Employment of Custodian and Property to be Held by It. The Trust hereby employs the Custodian as the custodian of the assets of the Portfolios of the Trust pursuant to the provisions of the Declaration of Trust. The Trust, on behalf of the Portfolios, agrees to deliver to the Custodian all securities and cash of the Portfolios, and all payments of income, payments of principal or capital distributions received by it with respect to all securities owned by the Portfolios from time to time, and the cash consideration received by it for such new or treasury shares of beneficial interest of the Trust representing interests in the Portfolios ("Shares") as may be issued or sold from time to time. The Custodian shall not be responsible for any property of a Portfolio held or received by the Portfolio and not delivered to the Custodian. Upon receipt of "Proper Instructions" (within the meaning of Section 2.17), the Custodian shall on behalf of the applicable Portfolio(s) from time to time employ one or more sub-custodians, but only in accordance with an applicable vote by the Board of Trustees of the Trust on behalf of the applicable Portfolio(s), and provided that the Custodian shall have no more or less responsibility or liability to the Trust on account of any actions or omissions of any sub-custodian so employed than any such sub-custodian has to the Custodian.

2. Duties of the Custodian with Respect to Property of the Trust Held By the Custodian.

2.1. Holding Securities. The Custodian shall hold and physically segregate for the account of each Portfolio all non-cash property, including all securities owned by such Portfolio, other than (a) securities which are maintained pursuant to Section 2.12 in a clearing agency which acts as a securities depository or in a book-entry system authorized by the U.S. Department of the Treasury, collectively referred to herein as a "Securities System"; and (b) commercial paper of an issuer for which State Street Bank and Trust Company acts as issuing and paying agent ("Direct Paper") which is deposited and/or maintained in the Direct Paper System of the Custodian pursuant

to Section 2.12.A.

2.2. Delivery of Securities. The Custodian shall release and deliver securities owned by a Portfolio held by the Custodian or in a Securities System account of the Custodian or in the Custodian's Direct Paper book entry system account ("Direct Paper System Account") only upon receipt of Proper Instructions from the Trust on behalf of the applicable Portfolio, which may be continuing instructions when deemed appropriate by the parties, and only in the following cases:

- 1) Upon sale of such securities for the account of the Portfolio and receipt of payment therefor;
- 2) Upon the receipt of payment in connection with any repurchase agreement related to such securities entered into by the Portfolio;
- 3) In the case of a sale effected through a Securities System, in accordance with the provisions of Section 2.12 hereof;
- 4) To the depository agent in connection with tender or other similar offers for securities of the Portfolio;
- 5) To the issuer thereof or its agent when such securities are called, redeemed, retired or otherwise become payable; provided that, in any such case, the cash or other consideration is to be delivered to the Custodian;
- 6) To the issuer thereof, or its agent, for transfer into the name of the Portfolio or into the name of any nominee or nominees of the Custodian or into the name or nominee name of any agent appointed pursuant to Section 2.11 or into the name or nominee name of any sub-custodian appointed pursuant to Article 1; or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units; provided that, in any such case, the new securities are to be delivered to the Custodian;
- 7) Upon the sale of such securities for the account of the Portfolio, to the broker or its clearing agent, against a receipt, for examination in accordance with "street delivery" custom; provided that in any such case, the Custodian shall have no responsibility or liability for any loss arising from the delivery of such securities prior to receiving payment for such securities except as may arise from the Custodian's own negligence or willful misconduct;
- 8) For exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement; provided that, in any such case, the new securities and cash, if any, are to be delivered to the Custodian;
- 9) In the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities for definitive securities; provided that, in any such case, the new securities and cash, if any, are to be delivered to the Custodian;
- 10) For delivery in connection with any loans of securities made by the Portfolio, but only against receipt of adequate collateral as agreed upon from time to time by the Custodian and the Trust on behalf of the Portfolio, which may be in the form of cash or obligations issued by the United States government, its agencies or instrumentalities, except that in connection with any loans for which collateral is to be credited to the Custodian's account in the book-entry system authorized by the U.S.

Department of the Treasury, the Custodian will not be held liable or responsible for the delivery of securities owned by the Portfolio prior to the receipt of such collateral;

- 11) For delivery as security in connection with any borrowings by the Trust requiring a pledge of assets by the Trust, but only against receipt of amounts borrowed;
- 12) For delivery in accordance with the provisions of any agreement among the Trust on behalf of the Portfolio, the Custodian and a broker-dealer registered under the Securities Exchange Act of 1934 (the "Exchange Act") and a member of The National Association of Securities Dealers, Inc. ("NASD"), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange, or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions by the Portfolio of the Trust;
- 13) For delivery in accordance with the provisions of any agreement among the Trust on behalf of the Portfolio, the Custodian, and a Futures Commission Merchant registered under the Commodity Exchange Act, relating to compliance with the rules of the Commodity Futures Trading Commission and/or any Contract Market, or any similar organization or organizations, regarding account deposits in connection with transactions by the Portfolio of the Trust;
- 14) Upon receipt of instructions from the transfer agent ("Transfer Agent") for the Trust, for delivery to such Transfer Agent or to the holders of shares in connection with distributions in kind, as may be described from time to time in the currently effective prospectus and statement of additional information of the Trust related to the Portfolio ("Prospectus"), in satisfaction of requests by holders of Shares for repurchase or redemption; and
- 15) For any other proper corporate purpose, but only upon receipt of, in addition to Proper Instructions from the Trust on behalf of the applicable Portfolio, a certified copy of a resolution of the Board of Trustees or of the Executive Committee signed by an officer of the Trust and certified by the Secretary or an Assistant Secretary, setting forth the purpose for which such delivery is to be made, declaring such purpose to be a proper corporate purpose, and naming the person or persons to whom delivery of such securities shall be made.

2.3. Registration of Securities. Securities held by the Custodian (other than bearer securities) shall be registered in the name of the Portfolio or in the name of any nominee of the Trust on behalf of the Portfolio of any nominee of the Custodian which nominee shall be assigned exclusively to the Portfolio, unless the Trust has authorized in writing the appointment of a nominee to be used in common with other registered investment companies having the same investment adviser as the Portfolio, or in the name or nominee name of any agent appointed pursuant to Section 2.11 or in the name or nominee name of any sub-custodian appointed pursuant to Article 1. All securities accepted by the Custodian on behalf of the Portfolio under the terms of this Contract shall be in "street name" or other good delivery form.

2.4. Bank Accounts. The Custodian shall open and maintain a separate bank account or accounts (the "Portfolio's Account or Accounts") in the name of each Portfolio of the Trust, subject only to draft or order by the Custodian acting pursuant to the terms of this Contract, and shall hold in such Account or Accounts, subject to the provisions hereof, all cash received by it from or for the Account of the Portfolio, other than cash maintained by the Portfolio in a bank account established and used in accordance with Rule 17f-3 under the Investment Company Act of 1940. Funds held by the Custodian for a Portfolio may be deposited by it to its credit as Custodian in the Banking Department of the Custodian or in such other banks or trust companies as it may in its discretion deem necessary or desirable; provided, however, that every such bank or trust company shall be qualified to act as a custodian under the

Investment Company Act of 1940 and that each such bank or trust company and the funds to be deposited with each such bank or trust company shall on behalf of each applicable Portfolio be approved by vote of majority of the Board of Trustees of the Trust. Such funds shall be deposited by the Custodian in its capacity as Custodian and shall be withdrawable by the Custodian only in that capacity.

2.5. Payments for Shares. The Custodian shall receive from the distributor for the Shares or from the Transfer Agent of the Trust and deposit into the Portfolio's Account such payments as are received for Shares of that Portfolio issued or sold from time to time by the Trust. The Custodian will provide timely notification to the Trust on behalf of each such Portfolio and the Transfer Agent of any receipt by it of payments for Shares of such Portfolio.

2.6. Investment and Availability of Federal Trusts. Upon mutual agreement between the Trust on behalf of each applicable Portfolio and the Custodian, the Custodian shall, upon the receipt of Proper Instructions from the Trust on behalf of a Portfolio, 1) Invest in such instruments as may be set forth in such instruments as may be set forth in such instructions on the same day as received all federal funds received after a time agreed upon between the Custodian and the Trust; and 2) Make federal funds available to such Portfolio as of specified times agreed upon from time to time by the Trust and the Custodian in the amount of checks received in payment for Shares of such Portfolio which are deposited into the Portfolio's account.

2.7. Collection of Income. The Custodian shall collect on a timely basis all income and other payments with respect to registered securities held hereunder to which each Portfolio shall be entitled either by law or pursuant to custom in the securities business, and shall collect on a timely basis all income and other payments with respect to bearer securities if, on the date of payment by the issuer, such securities are held by the Custodian or its agent thereof and shall credit such income, as collected, to such Portfolio's custodian account. Without limiting the generality of the foregoing, the Custodian shall detach and present for payment all coupons and other income items requiring presentation as and when they become due and shall collect interest when due on securities held hereunder. Income due each Portfolio on securities loaned pursuant to the provisions of Section 2.2 (10) shall be the responsibility of the Trust. The Custodian will have no duty or responsibility in connection therewith, other than to provide the Trust with such information or data as may be necessary to assist the Trust in arranging for the timely delivery to the Custodian of the income to which the Portfolio is properly entitled.

2.8. Payment of Trust Monies. Upon receipt of Proper Instructions from the Trust on behalf of the applicable Portfolio, which may be continuing instructions when deemed appropriate by the parties, the Custodian shall pay out monies of a Portfolio in the following cases only:

- 1) Upon the purchase of securities for the account of the Portfolio but only (a) against the delivery of such securities to the Custodian (or any bank, banking firm or trust company doing business in the United States or abroad which is qualified under the Investment Company Act of 1940, as amended, to act as a custodian and has been designated by the Custodian as its agent for this purpose) registered in the name of the Portfolio or in the name of a nominee of the Custodian referred to in Section 2.3 hereof or in proper form for transfer; (b) in the case of a purchase effected through a Securities System, in accordance with the conditions set forth in Section 2.12 hereof; or (c) in the case of a purchase involving the Direct Paper System, in accordance with the conditions set forth in Section 2.12A; or (d) in the case of repurchase agreements entered into between the Trust on behalf of the Portfolio and the Custodian, or another bank, or a broker-dealer which is a member of NASD, (i) against delivery of the securities either in certificate form or through an entry crediting the Custodian's account at the Federal Reserve Bank with such securities or (ii) against delivery of the receipt evidencing purchase by the Portfolio of securities owned

by the Custodian along with written evidence of the agreement by the Custodian to repurchase such securities from the Portfolio;

- 2) In connection with conversion, exchange or surrender of securities owned by the Portfolio as set forth in Section 2.2 hereof;
- 3) For the redemption or repurchase of Shares issued by the Portfolio as set forth in Section 2.10 hereof;
- 4) For the payment of any expense or liability incurred by the Portfolio, including but not limited to the following payments for the account of the Portfolio: interest, taxes, management, accounting, transfer agent and legal fees, and operating expenses of the Trust whether or not such expenses are to be in whole or part capitalized or treated as deferred expenses;
- 5) For the payment of any dividends on Shares of the Portfolio declared pursuant to the governing documents of the Trust;
- 6) For payment of the amount of dividends received in respect of securities sold short;
- 7) For any other proper purpose, but only upon receipt of, in addition to Proper Instructions from the Trust on behalf of the Portfolio, a certified copy of a resolution of the Board of Trustees or of the Executive Committee of the Trust signed by an officer of the Trust and certified by its Secretary or an Assistant Secretary, setting forth the purpose for which such payment is to be made, declaring such purpose to be a proper purpose, and naming the person or persons to whom such payment is to be made.

2.9. Liability for Payment in Advance of Receipt of Securities Purchased. In any and every case where payment for purchase of securities for the account of a Portfolio is made by the Custodian in advance of receipt of the securities purchased in the absence of specific written instructions from the Trust on behalf of such Portfolio to so pay in advance, the Custodian shall be absolutely liable to the Trust for such securities to the same extent as if the securities had been received by the Custodian, except that in the case of repurchase agreements entered into by the Trust on behalf of a Portfolio with a bank which is a member of the Federal Reserve System, the Custodian may transfer funds to the account of such bank prior to the receipt of written evidence that the securities subject to such repurchase agreement have been transferred by book-entry into a segregated non-proprietary account of the Custodian maintained with the Federal Reserve Bank of Boston or of the safekeeping receipt, provided that such securities have in fact been so transferred by book-entry.

2.10. Payments for Repurchases or Redemptions of Shares of the Trust. From such funds as may be available for the purpose but subject to the limitations of the Declaration of Trust and any applicable votes of the Board of Trustees of the Trust pursuant thereto, the Custodian shall, upon receipt of instructions from the Transfer Agent, make funds available for payment to holders of Shares who have delivered to the Transfer Agent a request for redemption or repurchase of their Shares. In connection with the redemption or repurchase of Shares of a Portfolio, the Custodian is authorized upon receipt of instructions from the Transfer Agent to wire funds to or through a commercial bank designated by the redeeming shareholders. In connection with the redemption or repurchase of Shares of a Portfolio, the Custodian shall honor checks drawn on the Custodian by a holder of Shares, which checks have been furnished by the Trust to the holder of Shares, when presented to the Custodian in accordance with such procedures and controls as are mutually agreed upon from time to time between the Trust and the Custodian.

2.11. Appointment of Agents. The Custodian may at any time or times in its discretion appoint (and may at any time remove) any other bank or trust company which is itself qualified under the Investment Company Act of 1940, as amended, to act as a custodian, as its agent to carry out such of the

provisions of this Article 2 as the Custodian may from time to time direct; provided, however, that the appointment of any agent shall not relieve the Custodian of its responsibilities or liabilities hereunder.

2.12. Deposit of Trust Assets in Securities Systems. The Custodian may deposit and/or maintain securities owned by a Portfolio in a clearing agency registered with the Securities and Exchange Commission under Section 17A of the Securities Exchange Act of 1934, which acts as a securities depository, or in the book-entry system authorized by the U.S. Department of the Treasury and certain federal agencies, collectively referred to herein as "Securities System" in accordance with applicable Federal Reserve Board and Securities and Exchange Commission rules and regulations, if any, and subject to the following provisions:

- 1) The Custodian may keep securities of the Portfolio in a Securities System provided that such securities are represented in an account ("Custodian's Account") of the Custodian in the Securities System which shall not include any assets of the Custodian other than assets held as a fiduciary, custodian or otherwise for customers;
- 2) The records of the Custodian with respect to securities of the Portfolio which are maintained in a Securities System shall identify by book-entry those securities belonging to the Portfolio;
- 3) The Custodian shall pay for securities purchased for the account of the Portfolio upon (i) receipt of advice from the Securities System that such securities have been transferred to the Custodian's Account, and (ii) the making of an entry on the records of the Custodian to reflect such payment and transfer for the account of the Portfolio. The Custodian shall transfer securities sold for the account of the Portfolio upon (i) receipt of advice from the Securities System that payment for such securities has been transferred to the Custodian's Account, and (ii) the making of an entry on the records of the Custodian to reflect such transfer and payment for the account of the Portfolio. Copies of all advices from the Securities System of transfers of securities for the account of the Portfolio shall identify the Portfolio, be maintained for the Portfolio by the Custodian and be provided to the Trust at its request. Upon request, the Custodian shall furnish the Trust on behalf of the Portfolio confirmation of each transfer to or from the account of the Portfolio in the form of a written advice or notice and shall furnish to the Portfolio copies of daily transaction sheets reflecting each day's transactions in the Securities System for the account of the Portfolio.
- 4) The Custodian shall provide the Trust for the Portfolio with any report obtained by the Custodian on the Securities System's accounting system, internal accounting control and procedures for safeguarding securities deposited in the Securities System;
- 5) The Custodian shall have received from the Trust on behalf of the Portfolio the initial or annual certificate, as the case may be, required by Article 9 hereof;
- 6) Anything to the contrary in this Contract notwithstanding, the Custodian shall be liable to the Trust for the benefit of the Portfolio for any loss or damage to the Portfolio resulting from use of the Securities System by reason of any negligence, misfeasance or misconduct of the Custodian or any of its agents or of any of its or their employees or from failure of the Custodian or any such agent to enforce

effectively such rights as it may have against the Securities System; at the election of the Trust, it shall be entitled to be subrogated to the rights of the Custodian with respect to any claim against the Securities System or any other person which the Custodian may have as a consequence of any such loss or damage if and to the extent that the Trust has not been made whole for any such loss or damage.

2.12A. Trust Assets Held in the Custodian's Direct Paper System. The Custodian may deposit and/or maintain securities owned by a Portfolio in the Direct Paper System of the Custodian subject to the following provisions:

- 1) No transaction relating to securities in the Direct Paper System will be effected in the absence of Proper Instructions from the Trust on behalf of the Portfolio;
- 2) The Custodian may keep securities of the Portfolio in the Direct Paper System only if such securities are represented in an account ("Account") of the Custodian in the Direct Paper System which shall not include any assets of the Custodian other than assets held as a fiduciary, custodian or otherwise for customers;
- 3) The records of the Custodian with respect to securities of the Portfolio which are maintained in the Direct Paper System shall identify by book-entry those securities belonging to the Portfolio;
- 4) The Custodian shall pay for securities purchased for the account of the Portfolio upon the making of an entry on the records of the Custodian to reflect such payment and transfer of securities to the account of the Portfolio. The Custodian shall transfer securities sold for the account of the Portfolio upon the making of an entry on the records of the Custodian to reflect such transfer and receipt of payment for the account of the Portfolio;
- 5) The Custodian shall furnish the Trust on behalf of the Portfolio confirmation of each transfer to or from the account of the Portfolio, in the form of a written advice or notice, of Direct Paper on the next business day following such transfer and shall furnish to the Trust on behalf of the Portfolio copies of daily transaction sheets reflecting each day's transaction in the Securities System for the account of the Portfolio;
- 6) The Custodian shall provide the Trust on behalf of the Portfolio with any report on its system of internal accounting control as the Trust may reasonably request from time to time;

2.13. Segregated Account. The Custodian shall upon receipt of Proper Instructions from the Trust on behalf of each applicable Portfolio establish and maintain a segregated account or accounts for and on behalf of such Portfolio, into which account or accounts may be transferred cash and/or securities, including securities maintained in an account by the Custodian pursuant to Section 2.12 hereof, (i) in accordance with the provisions of any agreement among the Trust on behalf of the Portfolio, the Custodian and a broker-dealer registered under the Exchange Act and a member of the NASD (or any futures commission merchant registered under the Commodity Exchange Act), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange (or the Commodity Futures Trading Commission or any registered contract market), or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions by the Trust, (ii) for purposes of segregating cash or government securities in connection with options purchased, sold or written by the Portfolio or commodity futures contracts or options thereon purchased or sold by the Portfolio, (iii) for the purpose of compliance by the Portfolio with the

procedures required by Investment Company Act Release No. 10666, or any subsequent release or releases of the Securities and Exchange Commission relating to the maintenance of segregated accounts by registered investment companies and (iv) for other proper corporate purposes, but only, in the case of clause (iv), upon receipt of, in addition to Proper Instructions from the Trust on behalf of the applicable Portfolio, a certified copy of a resolution of the Board of Trustees or of the Executive Committee signed by an officer of the Trust and certified by the Secretary or an Assistant Secretary, setting forth the purpose or purposes of such segregated account and declaring such purposes to be proper corporate purposes.

2.14. Ownership Certificates for Tax Purposes. The Custodian shall execute ownership and other certificates and affidavits for all federal and state tax purposes in connection with receipt of income or other payments with respect to securities of each Portfolio held by it and in connection with transfers of securities.

2.15. Proxies. The Custodian shall, with respect to the securities held hereunder, cause to be promptly executed by the registered holder of such securities, if the securities are registered otherwise than in the name of the Portfolio or a nominee of the Portfolio, all proxies, without indication of the manner in which such proxies are to be voted, and shall promptly deliver to the Portfolio such proxies, all proxy soliciting materials and all notices relating to such securities.

2.16. Communications Relating to Trust Portfolio Securities. The Custodian shall transmit promptly to the Trust for each Portfolio all written information (including, without limitation, pendency of calls and maturities of securities and expirations of rights in connection therewith and notices of exercise of call and put options written by the Trust on behalf of the Portfolio and the maturity of futures contracts purchased or sold by the Portfolio) received by the Custodian from issuers of the securities being held for the Portfolio. With respect to tender or exchange offers, the Custodian shall transmit promptly to the Portfolio all written information received by the Custodian from issuers of the securities whose tender or exchange is sought and from the party (or his agents) making the tender or exchange offer. If the Portfolio desires to take action with respect to any tender offer, exchange offer or any other similar transaction, the Portfolio shall notify the Custodian at least three business days prior to the date on which the Custodian is to take such action.

2.17. Proper Instructions. Proper Instructions as used throughout this Article 2 means a writing signed or initialed by one or more person or persons as the Board of Trustees shall have from time to time authorized. Each such writing shall set forth the specific transaction or type of transaction involved, including a specific statement of the purpose for which such action is requested. Oral instructions will be considered Proper Instructions if the Custodian reasonably believes them to have been given by a person authorized to give such instructions with respect to the transaction involved. The Trust shall cause all oral instructions to be confirmed in writing. Upon receipt of a certificate of the Secretary or an Assistant Secretary as to the authorization by the Board of Trustees of the Trust accompanied by a detailed description of procedures approved by the Board of Trustees, Proper Instructions may include communications effected directly between electro-mechanical or electronic devices provided that the Board of Trustees and the Custodian are satisfied that such procedures afford adequate safeguards for the Portfolio's assets.

2.18. Actions Permitted without Express Authority. The Custodian may in its discretion, without express authority from the Trust on behalf of each applicable Portfolio:

- 1) Make payments to itself or others for minor expenses of handling securities or other similar items relating to its duties under this Contract, provided that all such payments shall be accounted for to the Trust on behalf of the Portfolio;
- 2) Surrender securities in temporary form for securities in definitive form;
- 3) Endorse for collection, in the name of the

Portfolio, checks, drafts and other negotiable instruments; and

- 4) In general, attend to all non-discretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and property of the Portfolio except as otherwise directed by the Board of Trustees of the Trust.

2.19. Evidence of Authority. The Custodian shall be protected in acting upon any instructions, notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed by or on behalf of the Trust. The Custodian may receive and accept a certified copy of a vote of the Board of Trustees of the Trust as conclusive evidence (a) of the authority of any person to act in accordance with such vote or (b) of any determination or of any action by the Board of Trustees pursuant to the Declaration of Trust as described in such vote, and such vote may be considered as in full force and effect until receipt by the Custodian of written notice to the contrary.

3. Duties of Custodian with Respect to the Books of Account and Calculation of Net Asset Value and Net Income. The Custodian shall cooperate with and supply necessary information to the entity or entities appointed by the Board of Trustees of the Trust to keep the books of account of each Portfolio and/or compute the net asset value per share of the outstanding shares of each Portfolio or, if directed in writing to do so by the Trust on behalf of the Portfolio, shall itself keep such books of account and/or compute such net asset value per share. If so directed, the Custodian shall also calculate daily the net income of the Portfolio as described in the Trust's currently effective prospectus related to such Portfolio and shall advise the Trust and the Transfer Agent daily of the total amounts of such net income and, if instructed in writing by an officer of the Trust to do so, shall advise the Transfer Agent periodically of the division of such net income among its various components. The calculations of the net asset value per share and the daily income of each Portfolio shall be made at the time or times described from time to time in the Trust's currently effective prospectus related to such Portfolio.

4. Records. The Custodian shall, with respect to each Portfolio, create and maintain all records relating to its activities and obligations under this Contract in such manner as will meet the obligations of the Trust under the Investment Company Act of 1940, with particular attention to Section 31 thereof and Rules 31a-1 and 31a-2 thereunder, applicable federal and state tax laws and any other law or administrative rules or procedures which may be applicable to the Trust. All such records shall be the property of the Trust and shall at all times during the regular business hours of the Custodian be open for inspection by duly authorized officers, employees or agents of the Trust and employees and agents of the Securities and Exchange Commission. The Custodian shall, at the Trust's request, supply the Trust with a tabulation of securities owned by the Trust and held by the Custodian and shall, when requested to do so by the Trust and for such compensation as shall be agreed upon between the Trust and the Custodian, include certificate numbers in such tabulations.

5. Opinion of Trust's Independent Accountant. The Custodian shall take all reasonable action, as the Trust on behalf of each applicable Portfolio may from time to time request, to obtain from year to year favorable opinions from the Trust's independent accountants with respect to its activities hereunder in connection with the preparation of the Trust's Form N-1A, and Form N-SAR or other annual reports to the Securities and Exchange Commission and with respect to any other requirements of such Commission.

6. Reports to Trust by Independent Public Accountants. The Custodian shall provide the Trust on behalf of each of the Portfolios, at such times as the Trust may reasonably require, with reports by independent public accountants on the accounting system, internal accounting control and procedures for safeguarding securities, futures contracts and options on futures contracts, including securities deposited and/or maintained in a Securities System, relating to the services provided by the Custodian under this Contract; such reports, which shall be of sufficient scope and in sufficient detail, as may reasonably be required by the Trust to provide reasonable assurance that any material inadequacies would be disclosed by such examination, and, if there are no such inadequacies, shall so state.

7. Compensation of Custodian. The Custodian shall be entitled to reasonable compensation for its services and expenses as Custodian, as agreed upon from time to time between the Trust on behalf of each applicable Portfolio and the Custodian.

8. Responsibility of Custodian. So long as and to the extent that it is in the exercise of reasonable care, the Custodian shall not be responsible for the title, validity or genuineness of any property or evidence of title thereto received by it or delivered by it pursuant to this Contract and shall be held harmless in acting upon any notice, request, consent, certificate or other instrument reasonably believed by it to be genuine and to be signed by the proper party or parties. The Custodian shall be held to the exercise of reasonable care in carrying out the provisions of this Contract, and shall be indemnified by the Trust for any action taken or omitted by it in the proper execution of instructions from the Trust. It shall be entitled to rely on and may act upon advice of counsel for the Trust on all matters and shall be without liability for any action reasonably taken or omitted pursuant to such advice. Notwithstanding the foregoing, the responsibility of the Custodian with respect to redemptions effected by check shall be in accordance with a separate agreement entered into between the Custodian and the Trust.

The Trust on behalf of a Portfolio agrees to indemnify and hold harmless the Custodian and its nominee from and against all taxes, charges, expenses, assessments, claims and liabilities (including counsel fees) incurred or assessed against it or its nominee in connection with the performance of this Contract, except such as may arise from it or its nominee's own negligent action, negligent failure to act or willful misconduct.

The Custodian is authorized to charge any account of the applicable Portfolio for such items and its fees. To secure any such authorized charges and any advances of cash or securities made by the Custodian to or for the benefit of a Portfolio for any purpose which results in the Portfolio incurring an overdraft at the end of any business day or for extraordinary or emergency purposes during any business day, the Trust on behalf of the Portfolio hereby grants to the Custodian a security interest in and pledges to the Custodian securities held for it by the Custodian, in an amount not to exceed five percent of the applicable Portfolio's gross assets, the specific securities to be designated in writing from time to time by the Trust on behalf of the Portfolio or its investment adviser (the "Pledged Securities"). Should the Trust on behalf of the Portfolio fail to repay promptly any advances of cash or securities, the Custodian shall be entitled to use available cash and to dispose of the Pledged Securities as is necessary to repay any such advances.

9. Effective Period, Termination and Amendment. This Contract shall become effective as of its execution, shall continue in full force and effect until terminated as hereinafter provided, may be amended at any time by mutual agreement of the parties hereto and may be terminated by either party by an instrument in writing delivered or mailed, postage prepaid to the other party, such termination to take effect not sooner than thirty (30) days after the date of such delivery or mailing; provided, however that the Custodian shall not with respect to a Portfolio act under Section 2.12 hereof in the absence of receipt of an initial certificate of the Secretary or an Assistant Secretary that the Board of Trustees of the Trust have approved the initial use of a particular Securities System by such Portfolio and the receipt of an annual certificate of the Secretary or an Assistant Secretary that the Board of Trustees has reviewed the use by such Portfolio of such Securities System, as required in each case by Rule 17f-4 under the Investment Company Act of 1940, as amended and that the Custodian shall not act under Section 2.12.A hereof in the absence of receipt of an initial certificate of the Secretary or an Assistant Secretary that the Board of Trustees has approved the initial use of the Direct Paper System by such Portfolio and the receipt of an annual certificate of the Secretary or an Assistant Secretary that the Board of Trustees has reviewed the use by such Portfolio of the Direct Paper System; provided further, however, (a) that the Trust shall not amend or terminate this Contract in contravention of any applicable federal or state regulations, or any provision of the Declaration of Trust, and (b) that the Trust on behalf of one or more of the Portfolios may at any time by action of its Board of Trustees (i) substitute another bank or trust company for the Custodian by giving notice as described above to the Custodian, or (ii) immediately terminate this Contract in the event of the appointment of a conservator or receiver for the Custodian or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent

jurisdiction.

Upon termination of the Contract, the Trust on behalf of each applicable Portfolio shall pay to the Custodian such compensation as may be due as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements.

10. Successor Custodian. If a successor custodian for the assets of one or more of the Portfolios shall be appointed by the Board of Trustees of the Trust, the Custodian shall, upon termination, deliver to such successor custodian at the office of the Custodian, duly endorsed and in the form for transfer, all securities of each applicable Portfolio then held by it hereunder and shall transfer to an account of the successor custodian all of the securities of each such Portfolio held in a Securities System.

If no such successor custodian shall be appointed, the Custodian shall, in like manner, upon receipt of a certified copy of a vote of the Board of Trustees of the Trust, deliver at the office of the Custodian and transfer such securities, funds and other properties in accordance with such vote.

In the event that no written order designating a successor custodian or certified copy of a vote of the Board of Trustees shall have been delivered to the Custodian on or before the date when such termination shall become effective, then the Custodian shall have the right to deliver to a bank or trust company, which is a "bank" as defined in the Investment Company Act of 1940, of its own selection, having an aggregate capital, surplus, and undivided profits, as shown by its last published report, of not less than \$25,000,000, all securities, funds and other properties held by the Custodian on behalf of each applicable Portfolio and all instruments held by the Custodian relative thereto and all other property held by it under this Contract on behalf of each applicable Portfolio and to transfer to an account of such successor custodian all of the securities of each such Portfolio held in any Securities System. Thereafter, such bank or trust company shall be the successor of the Custodian under this Contract.

In the event that securities, funds and other properties remain in the possession of the Custodian after the date of termination hereof owing to failure of the Trust to procure the certified copy of the vote referred to or of the Board of Trustees to appoint a successor custodian, the Custodian shall be entitled to fair compensation for its services during such period as the Custodian retains possession of such securities, funds and other properties and the provisions of this Contract relating to the duties and obligations of the Custodian shall remain in full force and effect.

11. Interpretive and Additional Provisions. In connection with the operation of this Contract, the Custodian and the Trust on behalf of each of the Portfolios may from time to time agree on such provisions interpretive of or in addition to the provisions of this Contract as may in their joint opinion be consistent with the general tenor of this Contract. Any such interpretive or additional provisions shall be in a writing signed by both parties and shall be annexed hereto, provided that no such interpretive or additional provisions shall contravene any applicable federal or state regulations or any provision of the Declaration of Trust of the Trust. No interpretive or additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Contract.

12. Additional Funds. In the event that the Trust establishes one or more series of Shares in addition to the Georgia Series, Maryland Series, Massachusetts Series, Michigan Series, Minnesota Series, New York Series, New Jersey Series, North Carolina Series, Ohio Series, South Carolina Series, Virginia Series and West Virginia Series with respect to which it desires to have the Custodian render services as custodian under the terms hereof, it shall so notify the Custodian in writing, and if the Custodian agrees in writing to provide such services, such series of Shares shall become a Portfolio hereunder.

13. Massachusetts Law to Apply. This Contract shall be construed and the provisions thereof interpreted under and in accordance with laws of The Commonwealth of Massachusetts.

14. Prior Contracts. This Contract supersedes and terminates, as of the date hereof, the existing custodian contract between the Trust on behalf of each of the Portfolios and the Custodian. Any reference to the custodian contract

between the Trust and the Custodian in documents executed prior to the date hereof shall be deemed to refer to this Contract.

IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative and its seal to be hereunder affixed as of the 15th day of June, 1988.

ATTEST

MFS MANAGED MULTI-STATE
TAX-EXEMPT TRUST

D. M. JAFFE
D. M. Jaffe

By: RICHARD B. BAILEY
Richard B. Bailey

ATTEST

STATE STREET BANK &
TRUST COMPANY

J. FARREL
J. Farrel
Assistant Secretary

By: PHYLLIS A. SCHROEDER
Phyllis A. Schroeder
Vice President

AMENDMENT TO CUSTODIAN CONTRACT

Amendment to Custodian Contract between MFS Managed Multi-State Tax-Exempt Trust, a business trust organized and existing under the laws of Massachusetts, having a principal place of business at 200 Berkeley Street, Boston, MA 02116 (hereinafter called the "Fund"), and State Street Bank and Trust Company, a Massachusetts trust company, having its principal place of business at 225 Franklin Street, Boston, Massachusetts 02110 (hereinafter called the "Custodian").

WHEREAS: The Fund and the Custodian are parties to a Custodian Contract dated June 15, 1988 (the "Custodian Contract") ;

WHEREAS: The Fund desires that the Custodian issue a letter of credit (the "Letter of Credit") on behalf of the Fund for the benefit of ICI Mutual Insurance Company (the "Company") in accordance with the Continuing Letter of Credit and Security Agreement and that the Fund's obligations to the Custodian with respect to the Letter of Credit shall be fully collateralized at all times while the Letter of Credit is outstanding by, among other things, segregated assets of the Fund equal to 125% of the face amount to the amount of the Letter of Credit;

WHEREAS: The Custodian Contract provides for the establishment of segregated accounts for proper Fund purposes upon Proper Instructions (as defined in the Custodian Contract); and

WHEREAS: The Fund and the Custodian desire to establish a segregated account to hold the collateral for the Fund's obligations to the Custodian with respect to the Letter of Credit and to amend the Custodian Contract to provide for the establishment and maintenance thereof;

WITNESSETH: That in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto hereby amend the Custodian Contract as follows:

1. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Custodian Contract.
2. The Fund hereby instructs the Custodian to establish and maintain a segregated account (the "Letter of Credit Custody Account") for and in behalf of the Fund as contemplated by Section 2.13(iv) for the purpose of collateralizing the Fund's obligations under this Amendment to the Custodian Contract.
3. The Fund shall deposit with the Custodian and the Custodian shall hold in the Letter of Credit Custody Account cash, U.S.

government securities and other high-grade debt securities owned by the Fund acceptable to the Custodian (collectively "Collateral Securities") equal to 125% of the face amount to the amount which the Company may draw under the Letter of Credit. Upon receipt of such Collateral Securities in the Letter of Credit Custody Account, the Custodian shall issue the Letter of Credit to the Company.

4. The fund hereby grants to the Custodian a security interest in the Collateral Securities from time to time in the Letter of Credit Custody Account (the "Collateral") to secure the performance of the Fund's obligations to the Custodian with respect to the Letter of Credit, including, without limitation, under Section 5-114(3) of the Uniform Commercial Code. The Fund shall register the pledge of Collateral and execute and deliver to the Custodian such powers and instruments of assignment as may be requested by the Custodian to evidence and perfect the limited interest in the Collateral granted hereby.
5. The Collateral Securities in the Letter of Credit Custody Account may be substituted or exchanged (including substitutions or exchanges which increase or decrease the aggregate value of the Collateral) only pursuant to Proper Instructions from the Fund after the Fund notifies the Custodian of the contemplated substitution or exchange and the Custodian agrees that such substitution or exchange is acceptable to the Custodian.
6. Upon any payment made pursuant to the Letter of Credit by the Custodian to the Company, after notice to the company, the Custodian may withdraw from the Letter of Credit Custody Account Collateral Securities in an amount equal in value to the amount actually so paid. The Custodian shall have with respect to the Collateral so withdrawn all of the rights of a secured creditor under the Uniform Commercial Code as adopted in the Commonwealth of Massachusetts at the time of such withdrawal and all other rights granted or permitted to it under law.
7. The Custodian will transfer upon receipt all income earned on the Collateral to the Fund custody account unless the Custodian receives Proper Instructions from the Fund to the contrary.
8. Upon the drawing by the Company of all amounts which may become payable to it under the Letter of Credit and the withdrawal of all Collateral Securities with respect thereto by the Custodian pursuant to Section 6 hereof, or upon the termination of the Letter of Credit by the Fund with the written consent of the Company, the Custodian shall transfer any Collateral Securities then remaining in the Letter of Credit Custody Account to another fund custody account.
9. Collateral held in the Letter of Credit Custody Account shall be

released only in accordance with the provisions of this Amendment to Custodian Contract. The Collateral shall at all times until withdrawn pursuant to Section 6 hereof remain the property of the Fund, subject only to the extent of the interest granted herein to the Custodian.

10. Notwithstanding any other termination of the Custodian Contract, the Custodian Contract shall remain in full force and effect with respect to the Letter of Credit Custody Account until transfer of all Collateral Securities pursuant to Section 8 hereof.
11. The Custodian shall be entitled to reasonable compensation for its issuance of the Letter of Credit and for its services in connection with the Letter of Credit Custody Account as agreed upon from time to time between the Fund and the Custodian.
12. The Custodian Contract as amended hereby, shall be governed by, and construed and interpreted under, the laws of the Commonwealth of Massachusetts.
13. The parties agree to execute and deliver all such further documents and instruments and to take such further action as may be required to carry out the purposes of the Custodian Contract, as amended hereby.
14. Except as provided in this Amendment to Custody Contract, the Custodian Contract shall remain in full force and effect, without amendment or modification, and all applicable provisions of the Custodian Contract, as amended hereby, including, without limitation, Section 8 thereof, shall govern the Letter of Credit Custody Account and the rights and obligations of the Fund and the Custodian under this Amendment to Custodian Contract. No provision of this Amendment to Custodian Contract shall be deemed to constitute a waiver of any rights of the Custodian under the Custodian Contract or under law.

IN WITNESS WHEREOF, each of the parties has caused this Amendment to Custodian Contract to be executed in its name and behalf by its duly authorized representatives and its seal to be hereunder affixed as of the 15th day of June, 1988.

ATTEST:

By: D. M. JAFFE

D. M. Jaffe

By: W. T. LONDON

W. T. London
Treasurer

ATTEST:

STATE STREET BANK &

By: K. M. KNEELAND (? ILLEGIBLE)

K. M. Kneeland (?illegible)
Assistant Secretary

By: (ILLEGIBLE)

(illegible)
Vice President

MFS MANAGED MULTI-STATE MUNICIPAL BOND TRUST

Certificate of Assistant Secretary

The undersigned Assistant Secretary of MFS Managed Multi-State Municipal Bond Trust, being a Massachusetts business trust (the "Trust"), hereby certifies that the following is a true and complete copy of the vote adopted by the Board of Trustees of the Trust on August 9, 1989, and that such vote remains in full force and effect on the date hereof:

VOTED: To approve the amendment to the Custodian Agreement between the Trust and State Street Bank and Trust Company, substantially in the form attached hereto.

IN WITNESS WHEREOF, I have hereby set my hand this 22nd day of November, 1989.

JOAN R. GULINELLO
Joan R. Gulinello
Assistant Secretary

Delegation of Certain Custodian Duties to MFS

The Custodian may delegate to Massachusetts Financial Services Company ("MFS") the performance of any or all of its duties hereunder relating to (i) accounting for investments in currency and for financial instruments (including, without limitation, options contracts, futures contracts, options on futures contracts, options on foreign currency and forward foreign currency exchange contracts) and (ii) federal and state regulatory compliance. The Custodian shall compensate MFS for the performance of such duties at such fee or fees as MFS shall determine to be equal to MFS's cost for performing such duties (the "MFS Fees"). Following its payment of the MFS Fees to MFS, the Custodian shall recover the amount of the MFS Fees from the Trust on such terms as the Custodian and the Trust shall agree. MFS assumes responsibility for all duties delegated to it by the Custodian pursuant to this Section 15, and the Custodian may rely on MFS for the accuracy and correctness of the accounting information provided by MFS to the Custodian pursuant to this Section 15.

AMENDMENT TO CUSTODIAN CONTRACT

Agreement made as of this 1st day of October, 1989 by and between State Street Bank and Trust Company (the "Custodian") and MFS Managed Multi-State Municipal Bond Trust (the "Trust").

WHEREAS, the Custodian and the Trust are parties to a Custodian Contract dated June 15, 1988 (the "Custodian Contract") which governs the terms and conditions under which the Custodian maintains custody of the securities and other assets of the Trust;

WHEREAS, the Custodian may delegate to Massachusetts Financial Services Company ("MFS") the performance of certain duties the Custodian would otherwise be obligated to perform pursuant to the Custodian Agreement;

WHEREAS, the Trust agrees to any such delegation of certain Custodian duties;

NOW THEREFORE, the Custodian and the Trust hereby amend the terms of the Custodian Contract and mutually agree to the following:

- 1) Add new Section 15 which shall read as follows:
- 15) Delegation of Certain Custodian Duties to MFS.

The Custodian may delegate to MFS the performance of any or all of its duties hereunder relating to (i) accounting for investments in currency and for financial instruments (including, without limitation, options, contracts, futures contracts, options on futures contracts, options on foreign currency and forward foreign currency exchange contracts) and (ii) federal and state regulatory compliance. The Custodian shall compensate MFS for the performance of such duties at such fee or fees as MFS shall determine to be equal to MFS's cost for performing such duties (the "MFS Fees"). Following its payment of the MFS Fees to MFS, the Custodian shall recover the amount of the MFS Fees and from the Trust on such terms as the Custodian and the Trust shall agree. MFS assumes responsibility for all duties delegated to it by the Custodian pursuant to this Section 15, and the Custodian may rely on MFS for the accuracy and correctness of the accounting information provided by MFS to the Custodian pursuant to this Section 15.

IN WITNESS WHEREOF, each of the parties hereto have caused this instrument to be executed in its name and on its behalf by a duly authorized representative as of the aforementioned day and year.

ATTEST

MFS MANAGED MULTI-STATE
MUNICIPAL BOND TRUST

JOAN R. GULINELLO

Joan R. Gulinello

ATTEST

MARK MORGAN (? ILLEGIBLE)

Mark Morgan (? illegible)
Assistant Secretary

By: A. KEITH BRODKIN

A. Keith Brodtkin

STATE STREET BANK &
TRUST COMPANY

By: PHYLLIS A. SCHROEDER

Phyllis A. Schroeder
Vice President

AMENDMENT

The Custodian Contract dated June 15, 1988 between MFS Managed Multi-State Municipal Bond Trust (referred to herein as the "Trust") and State Street Bank and Trust Company (the "Custodian") is hereby amended as follows:

I. Section 2.1 is amended to read as follows:

"Holding Securities. The Custodian shall hold and physically segregate for the account of the Trust all non-cash property, including all securities owned by the Trust, other than (a) securities which are maintained pursuant to Section 2.12 in a clearing agency which acts as a securities depository or in a book-entry system authorized by the U.S. Department of the Treasury, collectively referred to herein as "Securities System" and (b) commercial paper of an issuer for which State Street Bank and Trust Company acts as issuing and paying agent ("Direct Paper") which is deposited and/or maintained in the Direct Paper System of the Custodian pursuant to Section 2.12A.

II. Section 2.2 is amended to read, in relevant part as follows:

"Delivery of Securities. The Custodian shall release and deliver securities owned by the Trust held by the Custodian or in a Securities System account of the Custodian or in the Custodian's Direct Paper book entry system account ("Direct Paper System Account") only upon receipt of Proper Instructions, which may be continuing instructions when deemed appropriate by the parties, and only in following cases:

- 1)
- .
- .
- .
- 15)"

III. Section 2.8(1) is amended to read in relevant part as follows:

"Payment of Trust Monies. Upon receipt of Proper Instructions, which may be continuing instructions when deemed appropriate by the parties, the Custodian shall pay out monies of the Trust in the following cases only:

- 1) Upon the purchase of securities, options, futures

contracts or options on futures contracts for the account of the Trust but only (a) against the delivery of such securities or evidence of title to such options, futures contracts or options on futures contracts, to the Custodian (or any bank, banking firm or trust company doing business in the United States or abroad which is qualified under the Investment Company Act of 1940, as amended, to act as a custodian and has been designated by the Custodian as its agent for this purpose) registered in the name of the Trust or in the name of a nominee of the Custodian referred to in Section 2.3 hereof or in proper form for transfer; (b) in the case of a purchase effected through a Securities System, in accordance with the conditions set forth in Section 2.12 hereof or (c) in the case of a purchase involving the Direct Paper System, in accordance with the conditions set forth in Section 2.12A; or (d) in the case of repurchase agreements entered into between the Trust and the Custodian, or another bank, or a broker-dealer which is a member of NASD, (i) against delivery of the securities either in certificate form or through an entry crediting the Custodian's account at the Federal Reserve Bank with such securities or (ii) against delivery of the receipt evidencing purchase by the Trust of securities owned by the Custodian along with written evidence of the agreement by the Custodian to repurchase such securities from the Trust or (e) for transfer to a time deposit account of the Trust in any bank, whether domestic or foreign; such transfer may be effected prior to receipt of a confirmation from a broker and/or the applicable bank pursuant to Proper Instructions from the Trust as defined in Section 2.17;"

IV. Following Section 2.12 there is inserted a new Section 2.12.A to read as follows:

2.12.A "Trust Assets Held in the Custodian's Direct Paper System. The Custodian may deposit and/or maintain securities owned by the Trust in the Direct Paper System of the Custodian subject to the following provisions:

- 1) No transaction relating to securities in the Direct Paper System will be effected in the absence of Proper Instructions;
- 2) The Custodian may keep securities of the Trust in the Direct Paper System only if such securities are represented in an account ("Account") of the Custodian in the Direct Paper System which shall

not include any assets of the Custodian other than assets held as a fiduciary, custodian or otherwise for customers;

- 3) The records of the Custodian with respect to securities of the Trust which are maintained in the Direct Paper System shall identify by book-entry those securities belonging to the Trust;
- 4) The Custodian shall pay for securities purchased for the account of the Trust upon the making of an entry on the records of the Custodian to reflect such payment and transfer of securities to the account of the Trust. The Custodian shall transfer securities sold for the account of the Trust upon the making of an entry on the records of the Custodian to reflect such transfer and receipt of payment for the account of the Trust:
- 5) The Custodian shall furnish the Trust confirmation of each transfer to or from the account of the Trust, in the form of a written advice or notice, of Direct Paper on the next business day following such transfer and shall furnish to the Trust copies of daily transaction sheets reflecting each day's transaction in the Securities System for the account of the Trust;
- 6) The Custodian shall provide the Trust with any report on its system of internal accounting control as the Trust may reasonably request from time to time."

V. Section 9 is hereby amended to read as follows:

"Effective Period, Termination and Amendment. This Contract shall become effective as of its execution, shall continue in full force and effect until terminated as hereinafter provided, may be amended at any time by mutual agreement of the parties hereto and may be terminated by either party by an instrument in writing delivered or mailed, postage prepaid to the other party, such termination to take effect not sooner than thirty (30) days after the date of such delivery or mailing; provided, however that the Custodian shall not act under Section 2.12 hereof in the absence of receipt of an initial certificate of the Secretary or an Assistant Secretary that the Board of Trustees of the Trust has approved the initial use of a particular Securities System and the receipt of an annual certificate of the Secretary or an Assistant Secretary that the Board of Trustees has reviewed the use by the Trust of such Securities System, as required in each case by Rule 17f-4 under the Investment Company Act of 1940, as amended and that the Custodian shall not act under Section 2.12A hereof in the absence of receipt of an initial certificate of the Secretary or an Assistant Secretary that the Board of Trustees has approved the

initial use of the Direct Paper System and the receipt of an annual certificate of the Secretary or an Assistant Secretary that the Board of Trustees has reviewed the use by the Trust of the Direct Paper System; provided further, however, that the Trust shall not amend or terminate this Contract in contravention of any applicable federal or state regulations, or any provision of the Declaration of Trust, and further provided, that the Trust may at any time by action of its Board of Trustees (i) substitute another bank or trust company for the Custodian by giving notice as described above to the Custodian, or (ii) immediately terminate this Contract in the event of the appointment of a conservator or receiver for the Custodian by the Comptroller of the Currency or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction.

Upon termination of the Contract, the Trust shall pay to the Custodian such compensation as may be due as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements."

Except as otherwise expressly amended and modified herein, the provisions of the Custodian Contract shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be executed in its name and on its behalf by its duly authorized representatives and its Seal to be hereto affixed as of the 9th day of October, 1991.

ATTEST:

MFS MANAGED MULTI-STATE
MUNICIPAL BOND TRUST

JOAN R. GULINELLO

Joan R. Gulinello
Assistant Secretary

By: W. T. LONDON

W. T. London
Treasurer

ATTEST:

STATE STREET BANK &
TRUST COMPANY

JOE KENNALLY

Joe Kennally
Assistant Secretary

By: JOHN HENRICH

John Henrich
Vice President

MFS MANAGED MULTI-STATE TAX-EXEMPT TRUST
200 BERKELEY STREET
BOSTON, MASSACHUSETTS 02116

August 1, 1985

Massachusetts Financial Service Center, Inc.
200 Berkeley Street
Boston, Massachusetts 02116

SHAREHOLDER SERVICING AGENT AGREEMENT

Dear Sirs:

MFS Managed Multi-State Tax-Exempt Trust (the "Fund") is an open-end registered investment company consisting of separate series of shares. The Fund has selected you to act as the Shareholder Servicing Agent and you hereby agree to act as such Agent and perform the duties and functions thereof in the manner and on the conditions hereinafter set forth. Accordingly, the Fund hereby agrees with you as follows:

1. The Facility. You represent that you have the necessary computer equipment, software and other office equipment ("Facility") adequate to perform the services contemplated hereby as well as for other investment companies (such investment companies, together with the Fund, are herein collectively referred to as the "MFS Funds") for which Massachusetts Financial Services Company ("MFS") acts as investment adviser. The Facility is presently located at 50 Milk Street, Boston, Massachusetts, and is to be dedicated solely to the performance of services for the MFS Funds, provided that the Facility may be utilized to perform services for others with the prior written permission of the MFS Funds.

2. Name. Unless otherwise directed in writing by MFS, you shall perform the services contemplated hereby under the name "Massachusetts Financial Service Center, Inc.", which name, any similar names and any logos of which shall remain the property and under the control of MFS. Upon termination of this Agreement, you shall cease to use such name or any similar name within a reasonable period of time.

3. Services to be Performed. As Shareholder Servicing Agent ("Agent"), you shall be responsible for administering and performing transfer and dividend and distribution disbursing and plan agent functions in connection with the issuance, transfer and redemption of the shares of beneficial interest ("Shares"). The details of the operating standards and procedures to be followed

by you shall be determined from time to time by agreement between you and the Fund.

4. Standard of Service. As Agent for the Fund, you agree to provide service equal to or better than that provided by you or others furnishing shareholder services to other open-end investment companies ("Standard") at a fee comparable to the fee paid you for your services hereunder. The Standard shall include at least the following:

- (a) Prompt reconciliation of any differences as to the number of outstanding shares between various Facility records or between Facility records and records of an MFS Fund's Custodian;
- (b) Prompt processing of shareholder correspondence and of other matters requiring action by you;
- (c) Prompt clearance of any daily volume backlog;
- (d) Providing innovative services and technological improvements;
- (e) Meeting the requirements of any governmental authority having jurisdiction over you or the Fund; and
- (f) Prompt reconciliation of all bank accounts under your control belonging to the Fund or MFS.

If any MFS Fund serviced by you is reasonably of the view that the service provided by you does not meet the Standard, it shall give you written notice specifying the particulars, and you then shall have 120 days in which to restore the service so that it meets the Standard, except that such period shall be 180 days with respect to meeting that portion of the Standard described above in item (d) of this paragraph 4. If at the end of such period the Fund remains reasonably of the view that the service provided by you, in the particulars specified, does not meet the Standard, then the MFS Fund or Funds having a majority of the accounts for which you are then Agent may, by appropriate action (including the concurrence of a majority of the Trustees or Directors, as the case may be, of such MFS Fund or Funds who are not interested persons of MFS), elect to terminate this Agreement for cause as to all such Funds upon 90 days notice to you. Upon termination hereof, the Fund shall pay you such compensation as may be due to you as of the date of such termination, and shall likewise reimburse you for any costs, expenses, and disbursements reasonably incurred by you to such date in the performance of your duties hereunder.

5. Purchase of Facility. In the event that notice of termination of this Agreement has been given pursuant to the provisions of paragraph 14 hereof, for cause as defined in paragraph 4 hereof, the MFS Funds have the right, but shall not be required (a) to purchase the Facility and assume the unexpired portion of any leases of equipment or real estate relating to the Facility from you at a price equal to your unrecovered acquisition value (as supported by the schedules and records used in determining monthly billings) of the machinery, equipment, software, furniture, fixtures and leasehold improvements included in

the Facility, and (b) to negotiate with persons then employed by you in the operation of the Facility and to hire all of them in connection with the purchase of the Facility from you by the MFS Funds. You agree to release each such employee from any contractual obligations such person may have to you that may interfere with such person's being hired at such time by the MFS Funds and agree not to interfere with the negotiation and hiring of any such persons at such time. In the event that the MFS Funds have given notice of termination of this Agreement pursuant to the provisions of paragraph 14 hereof for reasons other than cause as defined in paragraph 4 hereof, the MFS Funds shall purchase the Facility under the terms and conditions set forth in subsections (a) and (b) of this paragraph 5.

You shall effect the transfer of the Facility pursuant to this paragraph 5 upon the termination date specified in the notice, or at such other time as shall be agreed upon by the parties hereto.

6. Rights in Data and Confidentiality. You agree that all records, data, files, input materials, reports, forms and other data received, computed or stored in the performance of this Agreement are the exclusive property of the Fund and that all such records and other data shall be furnished without additional charge, except for actual processing costs, to the Fund in machine readable as well as printed form immediately upon termination of this Agreement or at the Fund's request. You shall safeguard and maintain the confidentiality of the Fund's data and information supplied to you by the Fund and you shall not transfer or disclose the Fund's data to any third party without the Fund's prior written consent unless compelled to do so by order of a court or regulatory authority.

7. Fees. The fee per Fund shareholder account for your shareholder services hereunder shall not be in excess of such amount as shall be agreed in writing between us. Such fee shall be payable in monthly installments of one-twelfth of the annual fee. Such fee shall be subject to review at least annually and fixed by the parties in good faith negotiation on the basis of a statement of the expenses of the Facility prepared by you, which either you or the Fund may require to be certified by a major accounting firm acceptable to the parties. The party or parties requesting such certification shall bear all expenses thereof. In addition to the foregoing fee, you will be reimbursed by the Fund for out-of-pocket expenses reasonably incurred by you on behalf of the Fund, including but not limited to expenses for stationery (including business forms and checks), postage, telephone and telegraph line and toll charges, and premiums for negotiable instrument insurance and similar items.

8. Record Keeping. You will maintain records in a form acceptable to the Fund and in compliance with the rules and regulation of the Securities and Exchange Commission, including, but not limited to, records required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the rules thereunder, which at all times will be the property of the Fund and will be available for inspection and use by the Fund.

9. Duty of Care and Indemnification. You will at all times act in good faith in performing your duties hereunder. You will not be liable or responsible

for delays or errors by reason of circumstances beyond your control, including acts of civil or military authority, national emergencies, labor difficulties, fire, mechanical breakdown beyond your control, flood or catastrophe, acts of God, insurrection, war, riots or failure beyond your control of transportation, communication or power supply. The Fund will indemnify you against and hold you harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel fees and expenses) resulting from any claim, demand, action or suit not resulting from your bad faith or negligence, and arising out of, or in connection with, your duties on behalf of the Fund hereunder. In addition, the Fund will indemnify you against and hold you harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel fees and expenses) resulting from any claim, demand, action or suit as a result of your acting in accordance with any instructions reasonably believed by you to have been executed or orally communicated by any person duly authorized by the Fund or its Principal Underwriter, or as a result of acting in accordance with written or oral advice reasonably believed by you to have been given by counsel for the Fund, or as a result of acting in accordance with any instrument or share certificate reasonably believed by you to have been genuine and signed, countersigned or executed by any person or persons authorized to sign, countersign or execute the same (unless contributed to by your gross negligence or bad faith). In any case in which the Fund may be asked to indemnify you or hold you harmless, the Fund shall be advised of all pertinent facts concerning the situation in question and you will use reasonable care to identify and notify the Fund promptly concerning any situation which presents or appears likely to present a claim for indemnification against the Fund. The Fund shall have the option to defend you against any claim which may be the subject of this indemnification, and in the event that the Fund so elects such defense shall be conducted by counsel chosen by the Fund and satisfactory to you and it will so notify you, and thereupon the Fund shall take over complete defense of the claim and you shall sustain no further legal or other expenses in such situation for which you seek indemnification under this paragraph, except the expense of any additional counsel retained by you. You will in no case confess any claim or make any compromise in any case in which the Fund will be asked to indemnify you except with the Fund's prior written consent. The obligations of the parties hereto under this paragraph shall survive the termination of this Agreement.

If any officer of the Fund shall no longer be vested with authority to sign for the Fund, written notice thereof shall forthwith be given to you by the Fund and until receipt of such notice by it, you shall be fully indemnified and held harmless by the Fund in recognizing and acting upon certificates or other instruments bearing the signatures or facsimile signatures of such officer.

10. Insurance. You will notify the Fund should any of your insurance coverage, as set forth on Exhibit A hereto, be changed for any reason, such notification to include the date of change and reason or reasons therefor.

11. Notices. All notices or other communications hereunder shall be in writing and shall be deemed sufficient if mailed to either party at the addresses set forth in this Agreement, or at such other addresses as the parties hereto may designate by notice to each other.

12. Further Assurances. Each party agrees to perform such further acts and execute such further documents as are necessary to effectuate the purposes hereof.

13. Use of a Sub- or Co-Transfer Agent. Notwithstanding any other provision of this Agreement, it is expressly understood and agreed that you are authorized in the performance of your duties hereunder to employ, from time to time, one or more Sub-Transfer Agents and/or Co-Transfer Agents.

14. Termination. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing, which, except in the case of termination, shall be signed by the party against which enforcement of such change waiver or discharge is sought. Except as otherwise provided in paragraph 4 hereof, this Agreement shall continue indefinitely until terminated by 90 days' written notice given by the Fund to you or by you to the Fund, provided that the Fund may terminate this Agreement upon 15 days' written notice of termination and election of the right to purchase the Facility pursuant to the provisions of paragraph 5 hereof. Upon termination hereof, the Fund shall pay you such compensation as may be due to you as of the date of such termination, and shall likewise reimburse you for any costs, expenses, and disbursements reasonably incurred by you to such date in the performance of your duties hereunder. You agree to cooperate with the Fund and provide all necessary assistance in effectuating an orderly transition upon termination of this Agreement.

15. Successor. In the event that in connection with termination a successor to any of your duties or responsibilities hereunder is designated by the Fund by written notice to you, you will, promptly upon such termination and at the expense of the Fund, transfer to such successor a certified list of the shareholders of the Fund (with name, address and tax identification or Social Security number) an historical record of the account of each shareholder and the status thereof, and all other relevant books, records, correspondence, and other data established or maintained by you under this Agreement in form reasonably acceptable to the Fund (if such form differs from the form in which you have maintained the same, the Fund shall pay any expenses associated with transferring the same to such form), and will cooperate in the transfer of such duties and responsibilities, including provision for assistance from your cognizant personnel in the establishment of books, records and other data by such successor.

16. Miscellaneous. This Agreement shall be construed and enforced in accordance with and governed by the laws of the Commonwealth of Massachusetts. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument. This Agreement has been executed on behalf of the Fund by the undersigned not individually, but in the capacity indicated, and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Fund

individually, but bind only the trust estate.

If you are in agreement with the foregoing, please sign the form of acceptance on the accompanying two counterparts of this letter and return such counterparts to the Fund whereupon this letter shall become a binding contract among the Fund, you and MFS, MFS having already executed this letter.

Very truly yours,

MFS MANAGED MULTI-STATE
TAX-EXEMPT TRUST

By: RICHARD B. BAILEY
Richard B. Bailey
Title: Chairman

The foregoing is hereby accepted as of the date thereof.

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: H. ALDEN JOHNSON, JR.
H. Alden Johnson, Jr.
Title: President

The foregoing is hereby accepted as of the date thereof.

MASSACHUSETTS FINANCIAL
SERVICE CENTER, INC.

By: BRUCE C. AVERY
Bruce C. Avery
Title: President

EXCHANGE PRIVILEGE AGREEMENT

AGREEMENT, dated as of September 1, 1993 by and among each of the Trusts (including any series thereof) listed below (collectively, the "Funds") and MFS Financial Services, Inc. ("FSI").

WITNESSETH THAT:

WHEREAS, pursuant to the terms of a distribution agreement by and between each Trust and FSI, FSI has the exclusive right to arrange for the sale of shares of each class of each Fund at the net asset value used in determining the public offering price on which orders for shares were based, but subject to the exceptions therein set forth or referred to;

WHEREAS, the Funds have differing investment objectives as set out in their offering prospectuses and consider it appropriate to make available to existing and future shareholders of the Funds the opportunity to implement changes in their investment objective through the acquisition, without sales charge or reinitiating the time period used in calculating the amount of contingent deferred sales charge assessable upon redemption, of the shares of a class of any one or more of the Funds by use of the proceeds of redemption of shares of the same class of any other Fund (herein referred to in various grammatical forms of the word "exchange"), subject to reasonable conditions designed to limit expense and administrative inconvenience or imposed in the best interest of the other shareholders of any of the Funds;

WHEREAS, while MFS Money Market Fund, MFS Government Money Market Fund and MFS Cash Reserve Fund (the "Money Market Funds") offer their respective shares (Class A shares only in the case of MFS Cash Reserve Fund), to the public without sales charge, each recognizes the utility of permitting its shares acquired through an exchange from Class A of another Fund to be reexchanged for shares of Class A of any other Fund, subject to the restrictions hereinafter set forth;

WHEREAS, while certain Funds offer their respective Class A shares at a sales charge less than that of the other Funds, each recognizes the utility of permitting its Class A shares acquired through an exchange from Class A of another Fund (except the Money Market Funds) or otherwise to be reexchanged for shares of Class A of any other Fund, subject to the restrictions hereinafter set forth; and

WHEREAS, FSI currently acts as the distributor of each of the Funds;

NOW, THEREFORE, the parties hereto agree as follows:

1. (a). During the term of this Agreement, shares of each class of a Fund may, subject to the restrictions hereinafter set forth, be offered by FSI as agent at net asset value to shareholders of the same class (e.g. Class A for Class A, Class B for Class B, etc.) of each of the other Funds, who wish to apply the proceeds of redemption of shares of the same class of any such Fund, provided that either the net asset value of the shares to be redeemed in the exchange is at least \$1,000 (\$50 in the case of accounts of retirement plan participants whose sponsoring organizations subscribe to the MFS Fundamental 401(k) Plan or another similar 401(k) recordkeeping system made available by MFS Service Center, Inc.) or such other amount or amounts as from time to time described in the current Prospectuses of the Funds or all the shares owned by the shareholder in a particular class are to be redeemed. FSI may specify the manner in which such shareholders may accept its offer to arrange for the sale of such shares at net asset value (each such acceptance is hereinafter referred to as an "Exchange Request").

1. (b) For the purpose of calculating any applicable contingent deferred sales charge upon redemption of shares acquired in an exchange, the purchase of shares acquired in one or more exchanges will be deemed to have occurred at the time of the original purchase of the exchanged shares (prior to their exchange).

1. (c) Shares of the Money Market Funds (Class A shares only in the case of MFS Cash Reserve Fund) may be exchanged for Class A shares of any other Fund in accordance with paragraph 1(a) hereof, but only if they have been acquired by an exchange effected in accordance with paragraph 1(a) hereof from Class A of another Fund (except the Money Market Funds) or in the form of dividends on Money Market Fund shares (Class A shares only in the case of MFS Cash Reserve Fund) reinvested on and after June 1, 1992. Shares of the Money Market Funds (Class A shares only in the case of MFS Cash Reserve Fund) acquired through direct purchase or in the form of dividends on such shares reinvested prior to June 1, 1992 may not be exchanged for shares of another Fund.

2. FSI shall process all exchanges in the usual manner as though they were unrelated purchases and sales. FSI may charge the shareholder a reasonable amount for its services in effecting the exchange. FSI shall report daily to the Funds concerning all exchanges made pursuant to this Agreement. FSI will not seek reimbursement from the Funds for any expenses incurred by it in connection with any such purchases.

3. Each of the Funds may, by written notice to each of the other Funds and FSI, terminate its exchange offer provided by this Agreement and require FSI and the other Funds to terminate the exchange offer in respect of the shares of the Fund so giving notice. FSI may by written notice to any Fund terminate its services in effecting such exchanges on behalf of such Fund. The exchange offers with respect to shares of a Fund made by FSI to the shareholders of the other Funds pursuant to this Agreement shall in any event be terminated effective upon the termination of the services of FSI as distributor of the shares of such Fund.

4. Nothing in this Agreement shall modify or reduce the obligations of

a Fund or FSI contained in the distribution agreement, if any, between FSI and such Fund as the same may from time to time be modified or amended.

5. To the extent that a Fund's current Prospectus contains provisions that are inconsistent with the terms of this Agreement, the terms of the Prospectus shall be controlling.

6. This Agreement hereby supercedes all prior or contemporaneous agreements between the parties hereto relating to the subject matter hereof.

7. The terms of this Agreement shall become effective as of the date first above written.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written and caused their seals to be affixed by their representatives thereunto duly authorized.

MFS SERIES TRUST I ON BEHALF OF:
MFS MANAGED SECTORS FUND
MFS CASH RESERVE FUND

MFS SERIES TRUST II ON BEHALF OF:
MFS EMERGING GROWTH FUND
MFS CAPITAL GROWTH FUND
MFS GOLD & NATURAL RESOURCES FUND
MFS INTERMEDIATE INCOME FUND

MFS SERIES TRUST III ON BEHALF OF:
MFS HIGH INCOME FUND
MFS MUNICIPAL HIGH INCOME FUND

MFS SERIES TRUST IV ON BEHALF OF:
MFS MONEY MARKET FUND
MFS GOVERNMENT MONEY MARKET FUND
MFS MUNICIPAL BOND FUND

MFS SERIES TRUST V ON BEHALF OF:
MFS RESEARCH FUND
MFS TOTAL RETURN FUND

MFS SERIES TRUST VI ON BEHALF OF:
MFS UTILITIES FUND
MFS WORLD TOTAL RETURN FUND
MFS WORLD EQUITY FUND

MFS SERIES TRUST VII ON BEHALF OF:
MFS VALUE FUND
MFS WORLD GOVERNMENTS FUND

MFS SERIES TRUST VIII ON BEHALF OF:
MFS INCOME & OPPORTUNITY FUND

MFS WORLD GROWTH FUND

MFS FIXED INCOME TRUST ON BEHALF OF:

MFS BOND FUND
MFS LIMITED MATURITY FUND
MFS MUNICIPAL LIMITED MATURITY FUND

MFS MUNICIPAL SERIES TRUST ON BEHALF OF:

MFS CALIFORNIA MUNICIPAL BOND FUND
MFS ALABAMA MUNICIPAL BOND FUND
MFS ARKANSAS MUNICIPAL BOND FUND
MFS FLORIDA MUNICIPAL BOND FUND
MFS GEORGIA MUNICIPAL BOND FUND
MFS LOUISIANA MUNICIPAL BOND FUND
MFS MARYLAND MUNICIPAL BOND FUND
MFS MASSACHUSETTS MUNICIPAL BOND FUND
MFS MISSISSIPPI MUNICIPAL BOND FUND
MFS NEW YORK MUNICIPAL BOND FUND
MFS NORTH CAROLINA MUNICIPAL BOND FUND
MFS PENNSYLVANIA MUNICIPAL BOND FUND
MFS SOUTH CAROLINA MUNICIPAL BOND FUND
MFS TENNESSEE MUNICIPAL BOND FUND
MFS TEXAS MUNICIPAL BOND FUND
MFS VIRGINIA MUNICIPAL BOND FUND
MFS WASHINGTON MUNICIPAL BOND FUND
MFS WEST VIRGINIA MUNICIPAL BOND FUND
MFS MUNICIPAL INCOME FUND

MFS GROWTH OPPORTUNITIES FUND

MFS GOVERNMENT MORTGAGE FUND

MFS GOVERNMENT SECURITIES FUND

MASSACHUSETTS INVESTORS GROWTH
STOCK FUND

MFS GOVERNMENT LIMITED MATURITY FUND

MASSACHUSETTS INVESTORS TRUST

By: A. KEITH BRODKIN
A. Keith Brodkin
Chairman

MFS FINANCIAL SERVICES, INC.

By: WILLIAM W. SCOTT, JR.

William W. Scott, Jr.
President

* The above-signed Trustee of each of the above-mentioned Trusts has executed this Agreement not individually, but as Trustee under each respective Declaration of Trust, as amended from time to time, and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of each such Trust, individually, but bind only the Trust estate of each such Trust.

Massachusetts Investors Trust
Massachusetts Investors Growth Stock Fund
Massachusetts Total Return Trust
Massachusetts Capital Development Fund
Massachusetts Financial Development Fund
Massachusetts Financial Bond Fund
Massachusetts Cash Management Trust
MFS Managed Municipal Bond Trust
Massachusetts Financial High Income Trust
Municipal Working Capital Trust
Massachusetts Financial International Trust
Massachusetts Financial Emerging Growth Trust
Massachusetts Financial Special Fund
MFS Managed High Yield Municipal Bond Trust
MFS Government Guaranteed Securities Trust
MFS Managed Multi-State Tax-Exempt Trust
MFS/Sun Life Series Trust
MFS Managed California Tax-Exempt Trust
Trust for Thrift Institutions
MFS Government Securities High Yield Trust

200 Berkeley Street
Boston, Massachusetts 02116

February 1, 1986

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110

Dividend Disbursing Agency Agreement

Dear Sirs:

Each of the above-listed funds (individually, the "Fund") is an open-end registered investment company organized as a Massachusetts business trust. Each Fund separately has selected you to act as its Dividend Disbursing Agent and you hereby agree to act as such Agent and perform the duties and functions thereof in the manner and on the conditions hereinafter set forth. Accordingly, each Fund individually hereby agrees with you as follows:

1. Services to be Performed. As Dividend Disbursing Agent ("Agent"), you shall be responsible for performing dividend and distribution disbursing agent functions with regard to the Fund's shares of beneficial interest ("Shares"). The details of the operating standards and procedures to be followed

by you shall be determined from time to time by agreement between you and the Fund.

2. Standard of Service. As Agent for the Fund, you agree to provide service equal to at least that provided by you or others furnishing dividend and distribution disbursing services to other open-end investment companies ("Standard") at a fee, as may be agreed to from time to time, comparable to the fee paid you for your services hereunder. The Standard shall include at least the following:

- (a) Prompt processing of all matters requiring action by you;
- (b) Prompt clearance of any daily volume backlog;
- (c) Providing innovative services and technological improvements;
- (d) Meeting the requirements of any governmental authority having jurisdiction over you or the Fund; and
- (e) Prompt reconciliation of all bank accounts under your control belonging to the Fund.

If the Fund is reasonably of the view that the service provided by you does not meet the Standard, it shall give you written notice specifying the particulars, and you then shall have 120 days in which to restore the service so that it meets the Standard, except that such period shall be 180 days with respect to meeting that portion of the Standard described above in item (c) of this paragraph 2. If at the end of such period the Fund remains reasonably of the view that the service provided by you in the particulars specified, does not meet the Standard, then the Fund may, by appropriate action, elect to terminate this Agreement for cause upon 90 days notice to you. Upon termination hereof, the Fund shall pay you such compensation as may be due to you as of the date of such termination, and shall likewise reimburse you for any costs, expenses, and disbursements reasonably incurred by you to such date in the performance of your duties hereunder.

3. Rights in Data and Confidentiality. You agree that all records, data, files, input materials, reports, forms and other data received, computed or stored in the performance of this Agreement are the exclusive property of the Fund and that all such records and other data shall be furnished without additional charge, except for actual processing costs, to the Fund in machine readable as well as printed form immediately upon termination of this Agreement or at the Fund's request. You shall safeguard and maintain the confidentiality of the Fund's data and information supplied to you by the Fund and you shall not transfer or disclose the Fund's data to any third party without the Fund's prior written consent unless compelled to do so by order of a court or regulatory authority.

4. Fees. The fee, based upon check clearance and reconciliation work performed hereunder, shall not be in excess of such amount as shall be agreed in writing between us. Such fee shall be payable in monthly installments. Such fee

shall be subject to review at least annually and fixed by the parties in good faith negotiation on the basis of a statement of your expenses, which either you or the Fund may require to be certified by a major accounting firm acceptable to the parties. The party requesting such certification shall bear all expenses thereof. In addition to the foregoing fee, you will be reimbursed by the Fund for out-of-pocket expenses reasonably incurred by you on behalf of the Fund, including but not limited to expenses for stationery, postage, telephone and telegraph line and toll charges and similar items.

5. Record Keeping. You will maintain records in a form acceptable to the Fund and in compliance with the rules and regulations of the Securities and Exchange Commission, including, but not limited to, records required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the rules thereunder, which at all times will be the property of the Fund and will be available for inspection and use by the Fund or the Fund's transfer agent.

6. Duty of Care and Indemnification. You will at all times act in good faith in performing your duties hereunder. You will not be liable or responsible for delays or errors by reason of circumstances beyond your control, including acts of civil or military authority, national emergencies, labor difficulties, fire, mechanical breakdown beyond your control, flood or catastrophe, acts of God, insurrection, war, riots or failure beyond your control of transportation, communication or power supply. The Fund will indemnify you against and hold you harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel fees and expenses) resulting from any claim, demand, action or suit not resulting from your bad faith or negligence, and arising out of, or in connection with, your duties on behalf of the Fund hereunder. In addition, the Fund will indemnify you against and hold you harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel fees and expenses) resulting from any claim, demand, action or suit as a result of your acting in accordance with any instructions reasonably believed by you to have been given executed or orally communicated by any person duly authorized by the Fund or as a result of acting in accordance with written or oral advice reasonable believed by you to have been given by counsel for the Fund, or as a result of acting in accordance with any instrument or share certificate reasonably believed by you to have been genuine and signed, countersigned or executed by any person or persons authorized to sign, countersign or execute the same (unless contributed to by your gross negligence or bad faith). In any case in which the Fund may be asked to indemnify you or hold you harmless, the Fund shall be advised of all pertinent facts concerning the situation in question and you will use reasonable care to identify and notify the Fund promptly concerning any situation which presents or appears likely to present a claim for indemnification against the Fund. The Fund shall have the option to defend you against any claim which may be the subject of this indemnification, and in the event that the Fund so elects such defense shall be conducted by counsel chosen by the Fund and satisfactory to you and it will so notify you, and thereupon the Fund shall take over complete defense of the claim and you shall sustain no further legal or other expenses in such situation for which you seek indemnification under this paragraph, except the expense of any additional counsel retained by you. You will in no case confess any claim or make any compromise in any case in which

the Fund will be asked to indemnify you except with the Fund's prior written consent. The obligations of the parties hereto under this paragraph shall survive the termination of this Agreement.

7. Insurance. You will notify the Fund should any of your insurance coverage, as set forth on Exhibit A hereto, be changed for any reason, such notification to include the date of change and reason or reasons therefor.

8. Notices. All notices or other communications hereunder shall be in writing and shall be deemed sufficient if mailed to either party at the addresses set forth in this Agreement, or at such other addresses as the parties hereto may designate by notice to each other.

9. Further Assurances. Each party agrees to perform such further acts and execute such further documents as are necessary to effectuate the purposes hereof.

10. Use of a Sub-Dividend Disbursing Agent. Notwithstanding any other provision of this Agreement, it is expressly understood and agreed that you are authorized in the performance of your duties hereunder to employ one or more Sub-Dividend Disbursing Agents.

11. Termination. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing, which, except in the case of termination, shall be signed by the party against which enforcement of such change waiver or discharge is sought. Except as otherwise provided in paragraph 2 hereof, this Agreement shall continue indefinitely until terminated by 90 days' written notice given by the Fund to you or by you to the Fund. Upon termination hereof, the Fund shall pay you such compensation as may be due to you as of the date of such termination, and shall likewise reimburse you for any costs, expenses, and disbursements reasonably incurred by you to such date in the performance of your duties hereunder. You agree to cooperate with the Fund and provide all necessary assistance in effectuating an orderly transition upon termination of this Agreement.

12. Successor. In the event that in connection with termination a successor to any of your duties or responsibilities hereunder is designated by the Fund by written notice to you, you will, promptly upon such termination and at the expense of the Fund, transfer to such successor an historical record of dividends and disbursements and all other relevant books, records, correspondence, and other data established or maintained by you under this Agreement in form reasonably acceptable to the Fund (if such form differs from the form in which you have maintained the same, the Fund shall pay any expenses associated with transferring the same to such form), and will cooperate in the transfer of such duties and responsibilities, including provision for assistance from your cognizant personnel in the establishment of books, records and other data by such successor.

13. Miscellaneous. This Agreement shall be construed and enforced in accordance with and governed by the laws of the Commonwealth of Massachusetts. The captions in this Agreement are included for convenience of reference only

and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. This Agreement has been executed on behalf of the Fund by the undersigned not individually, but in the capacity indicated, and the obligations of this Agreement are not binding upon any of the Trustees or shareholders of the Fund individually, but bind only the trust estate.

If you are in agreement with the foregoing, please sign the form of acceptance on this letter and the accompanying counterpart of this letter and return such counterpart to the Fund whereupon this letter shall become a binding contract between the Fund and you, the Fund having already executed this letter and its counterpart.

Very truly yours,

Massachusetts Investors Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Investors Growth Stock Fund

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Total Return Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Capital Development Fund

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Financial Development Fund

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Financial Bond Fund

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Cash Management Trust

By: RICHARD B. BAILEY

Richard B. Bailey

Chairman

MFS Managed Municipal Bond Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Financial High Income Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Municipal Working Capital Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Financial International Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Financial Emerging Growth Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Massachusetts Financial Special Fund

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

MFS Managed High Yield Municipal Bond Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

MFS Government Guaranteed Securities Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

MFS Managed Multi-State Tax-Exempt Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

MFS/Sun Life Series Trust

By: JOHN D. MCNEIL

John D. McNeil
Chairman

MFS Managed California Tax-Exempt Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Trust for Thrift Institutions

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

MFS Government Securities High Yield Trust

By: RICHARD B. BAILEY

Richard B. Bailey
Chairman

Attest: DANIEL M. JAFFE

Daniel M. Jaffe

The foregoing is hereby accepted as of the date thereof.

STATE STREET BANK AND
TRUST COMPANY

By: ILLEGIBLE

Illegible

EXHIBIT 11

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Post-Effective Amendment No. 28 to Registration Statement No. 2-92915 of MFS Municipal Series Trust on behalf of MFS Municipal Income Fund ("MMI"), of our report dated May 5, 1995 appearing in the annual report to shareholders of MMI for the year ended March 31, 1995, and to the references to us under the headings "Condensed Financial Information" in the MMI Prospectus and "Independent Accountants and Financial Statements" in the MMI Statement of Additional Information, which are part of such Registration Statement.

DELOITTE & TOUCHE, LLP
Deloitte & Touche, LLP

Boston, Massachusetts
July 26, 1995

MASSACHUSETTS FINANCIAL SERVICES COMPANY
200 BERKELEY STREET O BOSTON O MASSACHUSETTS 02116
617 O 423-3500

G. DUNCAN FRASER, JR.
Executive Vice President
Treasurer

October 1, 1984

MFS Managed Multi-State
Tax-Exempt Trust
200 Berkeley Street
Boston, MA 02116

Gentlemen:

In connection with our purchase of 2,099.7375 shares of each of the five Series of MFS Managed Multi-State Tax-Exempt Trust Shares of Beneficial Interest for a cash consideration of \$9.525 per share, this will confirm that we are buying such shares for investment for our own account only, and not with a view to reselling or otherwise distributing them.

Very truly yours,

MASSACHUSETTS FINANCIAL
SERVICES COMPANY

By: G. DUNCAN FRASER, JR.

G. Duncan Fraser, Jr.
Treasurer

MFS MUNICIPAL SERIES TRUST

MFS ALABAMA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS ALABAMA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with

sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and

4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS ALABAMA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS ALABAMA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the

"Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of

personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and

commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement

related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS ARKANSAS MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS ARKANSAS MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of February, 1992, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and

implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence at such time as may be determined by the Board of Trustees from time to time, in their discretion (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and

4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS ARKANSAS MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS ARKANSAS MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Fund is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rules; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), and equipment, and of distributing prospectuses to prospective shareholders (including printing, delivery and

mailing costs, but excluding typesetting).

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as dealers of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1

and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in

which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS CALIFORNIA MUNICIPAL BOND FUND

DISTRIBUTION PLAN

DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS CALIFORNIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of September, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, the Trust intends to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act, ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses to the extent specified in the Distribution Agreement in providing the services incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence following shareholder approval of the Plan but only upon notification by the Distributor to the Fund of the commencement of the Plan (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in

connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of

Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS CALIFORNIA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS CALIFORNIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Fund is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rules; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), and equipment, and of distributing prospectuses to prospective shareholders (including printing, delivery and mailing costs, but excluding typesetting).

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such

deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as dealers of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by

which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL BOND FUND

MFS CALIFORNIA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS C" of MFS California Municipal Bond Fund (the "Fund"), a series of MFS Municipal Bond Fund (the "Trust") a Massachusetts business trust, dated December 28, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class C Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may (but is not required to) impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive

from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class C shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for any commissions payable to Dealers (including any ongoing maintenance commissions), all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may (but is not required to) impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate not to exceed 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer

of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees to Dealers on behalf of the Fund or retain them in accordance with this paragraph.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of Class C, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the Purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of Class C and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of Class C.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the 1940 Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS FLORIDA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS FLORIDA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of February, 1992, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an

informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence at such time as may be determined by the Board of Trustees from time to time, in their discretion (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average

daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of

Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS FLORIDA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS FLORIDA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Fund is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rules; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), and equipment, and of distributing prospectuses to prospective shareholders (including printing, delivery and mailing costs, but excluding typesetting).

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as dealers of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily

accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS GEORGIA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS GEORGIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and

implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which

has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS GEORGIA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS GEORGIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Fund is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rules; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the

"Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), and equipment, and of distributing prospectuses to prospective shareholders (including printing, delivery and mailing costs, but excluding typesetting).

3. It is understood that the Distributor may impose certain deferred

sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as dealers of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to

take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS LOUISIANA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS LOUISIANA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of February, 1992, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and

implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence on such date or dates as may be determined by the Board of Trustees from time to time in their discretion (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and

4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS LOUISIANA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS LOUISIANA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Fund is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rules; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), and equipment, and of distributing prospectuses to prospective shareholders (including printing, delivery and

mailing costs, but excluding typesetting).

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as dealers of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1

and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in

which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS MARYLAND MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS MARYLAND MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and

implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which

has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS MARYLAND MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS MARYLAND MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the

"Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the

Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any

applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The

Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS MASSACHUSETTS MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS MASSACHUSETTS MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated 27th day of March, 1985, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an

informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the

Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS MASSACHUSETTS MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS MASSACHUSETTS MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such

deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by

which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS MISSISSIPPI MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS MISSISSIPPI MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of August, 1993, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence at such time as may be determined by the Board of Trustees from time to time, in their discretion (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS MISSISSIPPI MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS MISSISSIPPI MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution

pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and

mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1

and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in

which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS NEW YORK MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS NEW YORK MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average

daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of

Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS NEW YORK MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS NEW YORK MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to

such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and

mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1

and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in

which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS NORTH CAROLINA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS NORTH CAROLINA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid

pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts

expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS NORTH CAROLINA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS NORTH CAROLINA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in

accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of

personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and

commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement

related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL BOND FUND

MFS NORTH CAROLINA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS C" of MFS North Carolina Municipal Bond Fund (the "Fund"), a series of MFS Municipal Bond Fund (the "Trust") a Massachusetts business trust, dated December 28, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class C Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares

in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may (but is not required to) impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class C shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for any commissions payable to Dealers (including any ongoing maintenance commissions), all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may (but is not required to) impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate not to exceed 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay

each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees to Dealers on behalf of the Fund or retain them in accordance with this paragraph.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of Class C, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement

related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the Purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of Class C and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of Class C.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the 1940 Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS PENNSYLVANIA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS PENNSYLVANIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of February, 1992, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and

implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence when the value of the Fund's net assets attributable to the Shares first equals or exceeds \$50 million (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and

4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS PENNSYLVANIA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS PENNSYLVANIA BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily

accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS SOUTH CAROLINA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS SOUTH CAROLINA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid

pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts

expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS SOUTH CAROLINA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS SOUTH CAROLINA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware

corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales

charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take

any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS TENNESSEE MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS TENNESSEE MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid

pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts

expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS TENNESSEE MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS TENNESSEE MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware

corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales

charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take

any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS TEXAS MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS TEXAS MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of February, 1992, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence at such time as may be determined by the Board of Trustees from time to time, in their discretion (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS TEXAS MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS TEXAS MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to

such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and

mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1

and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in

which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS VIRGINIA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS VIRGINIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average

daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of

Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS VIRGINIA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS VIRGINIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL BOND FUND

MFS VIRGINIA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS C" of MFS Virginia Municipal Bond Fund (the "Fund"), a series of MFS Municipal Bond Fund (the "Trust") a Massachusetts business trust, dated December 28, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class C Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may (but is not required to) impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class C shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for any commissions payable to Dealers (including any ongoing maintenance commissions), all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may (but is not required to) impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate not to exceed 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to

certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees to Dealers on behalf of the Fund or retain them in accordance with this paragraph.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of Class C, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the Purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a

majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of Class C and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of Class C.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the 1940 Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS WASHINGTON MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS WASHINGTON MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of August, 1992, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and

implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence at such time as may be determined by the Board of Trustees from time to time, in their discretion (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and

4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS WASHINGTON MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS WASHINGTON MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to

such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and

mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1

and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in

which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS WEST VIRGINIA MUNICIPAL BOND FUND

AMENDED AND RESTATED DISTRIBUTION PLAN

AMENDED AND RESTATED DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS WEST VIRGINIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 24th day of August, 1984, amended and restated the 10th day of April, 1991, amended and restated the 27th day of August, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, a plan of distribution pursuant to Rule 12b-1 of the Act was previously adopted and approved by the Trustees of the Trust, including the Qualifying Trustees (as defined below), and by the shareholders of the Fund; and

WHEREAS, the Trust intends to continue to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act ("Rule 12b-1"), and desires to adopt this amended and restated Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributor, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the Services described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid

pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts

expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS WEST VIRGINIA MUNICIPAL BOND FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS WEST VIRGINIA MUNICIPAL BOND FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware

corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales

charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take

any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS MUNICIPAL INCOME FUND

DISTRIBUTION PLAN

DISTRIBUTION PLAN with respect to the shares of beneficial interest to be designated "CLASS A" of the MFS MUNICIPAL INCOME FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust"), a business trust organized and existing under the laws of The Commonwealth of Massachusetts, dated the 1st day of September, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940 (the "Act"); and

WHEREAS, the Trust intends to distribute the Shares of Beneficial Interest (without par value) of the Fund designated Class A Shares (the "Shares") in part in accordance with Rule 12b-1 under the Act, ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") in a form approved by the Board of Trustees of the Trust (the "Board of Trustees") in the manner specified in Rule 12b-1, with MFS Fund Distributors, Inc., a Delaware corporation, as distributor (the "Distributor"), whereby the Distributor provides facilities and personnel and renders services to the Fund in connection with the offering and distribution of the Shares; and

WHEREAS, the Trust recognizes and agrees that the Distributor will enter into agreements ("Dealer Agreements") with various securities dealers and other financial intermediaries ("Dealers") pursuant to which the Dealers will act as dealers of the Shares in connection with the offering of Shares; and

WHEREAS, the Distribution Agreement provides that a sales charge may be paid by investors who purchase Shares and that the Distributor and Dealers will receive such sales charge as partial compensation for their services in connection with sale of Shares; and

WHEREAS, the Board of Trustees, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and

implementation of this Plan will benefit the Fund and its Class A shareholders;

NOW, THEREFORE, the Board of Trustees hereby adopts this Plan for the Fund as a plan of distribution relating to the Shares in accordance with Rule 12b-1 under the Act, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses described in Section 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. As partial consideration for the services performed and expenses to the extent specified in the Distribution Agreement in providing the services incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.10% per annum of the average daily net assets of the Fund attributable to the Shares. Such payments shall commence following shareholder approval of the Plan but only upon notification by the Distributor to the Fund of the commencement of the Plan (the "Commencement Date").

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its Dealer Agreement, the Fund shall on or after the Commencement Date pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. The Distributor may from time to time reduce the amount of the service fee paid to a Dealer for Shares sold prior to certain date.

5. In addition to fees payable pursuant to Sections 3 and 4 hereof, the expenses permitted to be paid by the Fund pursuant to this Plan on or after the Commencement Date shall include other distribution related expenses. These other distribution related expenses may include, but are not limited to, a dealer commission and a payment to wholesalers employed by the Distributor on net asset value purchases at or above a certain dollar level.

The aggregate amount of fees and expenses paid pursuant to Sections 3 and 4 hereof and this Section 5 shall not exceed 0.35% per annum of the average daily net assets of the Fund attributable to the Shares. No fees shall be paid pursuant to Section 4 hereof or this Section 5 to any insurance company which has entered into an agreement with the Trust on behalf of the Fund and the Distributor that permits such insurance company to purchase Shares from the Fund at their net asset value in connection with annuity agreements issued in

connection with the insurance company's separate accounts. That portion of the Fund's average daily net assets on which fees payable under Section 4 hereof and this Section 5 are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer or wholesaler qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under Section 4 hereof or this Section 5 with respect to accounts for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The fees and expenses payable pursuant to Section 4 and this Section 5 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these expenses on behalf of the Fund.

6. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

7. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any of the agreements related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

8. This Plan shall continue in effect indefinitely; provided, however, that such continuance is subject to annual approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on continuance of this Plan. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

9. This Plan may be amended at any time by the Board of Trustees; provided that (a) any amendment to increase materially the amount to be spent for the services described herein shall be effective only upon approval by a vote of a "majority of the outstanding voting securities" of the Shares and (b) any material amendment of this Plan shall be effective only upon approval by a vote of the Board of Trustees and a majority of the Qualified Trustees, such votes to be cast in person at a meeting called for the purpose of voting on such amendment. This Plan may be terminated at any time by vote of a majority of the Qualified Trustees or by a vote of a "majority of the outstanding voting securities" of the Shares.

10. The Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under the Plan and the purposes for which such expenditures were made.

11. While this Plan is in effect, the selection and nomination of

Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

12. For the purposes of this Plan, the terms "interested person" and "majority of the outstanding voting securities" are used as defined in the Act. In addition, for purposes of determining the fees payable to Dealers and wholesalers, the value of the Share's net assets shall be computed in the manner specified in the Fund's then current prospectus for computation of the net asset value of the Shares.

13. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in Section 10 hereof (collectively the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such Record shall be kept in an easily accessible place for the first two years of said record keeping.

14. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the Act.

15. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL SERIES TRUST

MFS MUNICIPAL INCOME FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS B" of MFS MUNICIPAL INCOME FUND (the "Fund"), a series of MFS Municipal Series Trust (the "Trust") a Massachusetts business trust, dated September 1, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class B Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in such Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class B shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for commissions payable to Dealers, all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith.

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed

and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate of 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established from time to time, by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees on behalf of the Fund.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for

and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of the Shares, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees; provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of the Shares and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of the Shares.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

MFS MUNICIPAL BOND FUND

MFS MUNICIPAL INCOME FUND

PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION with respect to the shares of beneficial interest to be designated "CLASS C" of MFS Municipal Income Fund (the "Fund"), a series of MFS Municipal Bond Fund (the "Trust") a Massachusetts business trust, dated December 28, 1993 and amended this 14th day of December, 1994.

WITNESSETH:

WHEREAS, the Trust is engaged in business as an open-end management investment company and is registered under the Investment Company Act of 1940, as amended (collectively with the rules and regulations promulgated thereunder, the "1940 Act"); and

WHEREAS, the Trust intends to distribute the shares of beneficial interest (without par value) of the Fund designated Class C Shares (the "Shares") in accordance with Rule 12b-1 under the 1940 Act ("Rule 12b-1"), and desires to adopt this Distribution Plan (the "Plan") as a plan of distribution pursuant to such Rule; and

WHEREAS, the Trust desires for MFS Fund Distributors, Inc., a Delaware corporation ("MFD"), to provide certain distribution services for the Fund (the "Distributor"); and

WHEREAS, the Trust has entered into a distribution agreement (the "Distribution Agreement") (in a form approved by the Board of Trustees of the Trust in a manner specified in Rule 12b-1) with the Distributor, whereby the Distributor will provide facilities and personnel and render services to the Fund in connection with the offering and distribution of the Shares (the "Distribution Agreement"); and

WHEREAS, the Trust recognizes and agrees that (a) the Distributor may retain the services of firms or individuals to act as dealers (the "Dealers") of the Shares in connection with the offering of Shares, and (b) the Distributor may make payments for such services to the Dealers out of the fee paid to the Distributor hereunder, any deferred sales charges imposed by the Distributor in connection with the repurchase of Shares, its profits or any other source available to it; and

WHEREAS, the Trust recognizes and agrees that the Distributor may (but is not required to) impose certain deferred sales charges in connection with the repurchase of Shares by the Fund, and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges; and

WHEREAS, the Board of Trustees of the Trust, in considering whether the Fund should adopt and implement this Plan, has evaluated such information as it deemed necessary to an informed determination as to whether this Plan should be adopted and implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes, and has determined that there is a reasonable likelihood that the adoption and implementation of this Plan will benefit the Fund and its Class C shareholders;

NOW, THEREFORE, the Board of Trustees of the Trust hereby adopts this Plan for the Fund as a plan for distribution relating to the Shares in accordance with Rule 12b-1, on the following terms and conditions:

1. As specified in the Distribution Agreement, the Distributor shall provide facilities, personnel and a program with respect to the offering and sale of Shares. Among other things, the Distributor shall be responsible for any commissions payable to Dealers (including any ongoing maintenance commissions), all expenses of printing (excluding typesetting) and distributing prospectuses to prospective shareholders and providing such other related services as are reasonably necessary in connection therewith

2. The Distributor shall bear all distribution-related expenses to the extent specified in the Distribution Agreement in providing the services described in paragraph 1, including without limitation, the compensation of personnel necessary to provide such services and all costs of travel, office expenses (including rent and overhead), equipment, printing, delivery and mailing costs.

3. It is understood that the Distributor may (but is not required to) impose certain deferred sales charges in connection with the repurchase of Shares by the Fund and the Distributor may retain (or receive from the Fund, as the case may be) all such deferred sales charges. As additional consideration for all services performed and expenses incurred in the performance of its obligations under the Distribution Agreement, the Fund shall pay the Distributor a distribution fee periodically at a rate not to exceed 0.75% per annum of the Fund's average daily net assets attributable to the Shares.

4. As partial consideration for the personal services and/or account maintenance services performed by each Dealer in the performance of its obligations under its dealer agreement with the Distributor, the Fund shall pay each Dealer a service fee periodically at a rate not to exceed 0.25% per annum of the portion of the average daily net assets of the Fund that is represented by Shares that are owned by investors for whom such Dealer is the holder or dealer of record. That portion of the Fund's average daily net assets on which the fees payable under this paragraph 4 hereof are calculated may be subject to certain minimum amount requirements as may be determined, and additional or different dealer qualification standards that may be established, from time to time by the Distributor. The Distributor shall be entitled to be paid any fees payable under this paragraph 4 hereof with respect to Shares for which no Dealer of record exists or qualification standards have not been met as partial

consideration for personal services and/or account maintenance services provided by the Distributor to the Shares. The service fee payable pursuant to this paragraph 4 may from time to time be paid by the Fund to the Distributor and the Distributor will then pay these fees to Dealers on behalf of the Fund or retain them in accordance with this paragraph.

5. The Fund understands that agreements between the Distributor and the Dealers may provide for payment of commissions to Dealers in connection with the sales of Shares and may provide for a portion (which may be all or substantially all) of the fees payable by the Fund to the Distributor under the Distribution Agreement to be paid by the Distributor to the Dealers in consideration of the Dealer's services as a dealer of the Shares. Except as described in paragraph 4, nothing in this Plan shall be construed as requiring the Fund to make any payment to any Dealer or to have any obligations to any Dealer in connection with services as a dealer of the Shares. The Distributor shall agree and undertake that any agreement entered into between the Distributor and any Dealer shall provide that, except as provided in paragraph 4, such Dealer shall look solely to the Distributor for compensation for its services thereunder and that in no event shall such Dealer seek any payment from the Fund.

6. The Fund shall pay all fees and expenses of any independent auditor, legal counsel, investment adviser, administrator, transfer agent, custodian, shareholder servicing agent, registrar or dividend disbursing agent of the Fund; expenses of distributing and redeeming Shares and servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, shareholder reports, notices, proxy statements and reports to governmental officers and commissions and to shareholders of the Fund, except that the Distributor shall be responsible for the distribution-related expenses as provided in paragraphs 1 and 2 hereof.

7. Nothing herein contained shall be deemed to require the Trust to take any action contrary to its Declaration of Trust or By-Laws or any applicable statutory or regulatory requirement to which it is subject or by which it is bound, or to relieve or deprive the Board of Trustees of the responsibility for and control of the conduct of the affairs of the Fund.

8. This Plan shall become effective upon (a) approval by a vote of at least a "majority of the outstanding voting securities" of Class C, and (b) approval by a vote of the Board of Trustees and a vote of a majority of the Trustees who are not "interested persons" of the Trust and who have no direct or indirect financial interest in the operation of the Plan or in any agreement related to the Plan (the "Qualified Trustees"), such votes to be cast in person at a meeting called for the Purpose of voting on this Plan.

9. This Plan shall continue in effect indefinitely; provided that such continuance is "specifically approved at least annually" by a vote of both a majority of the Trustees of the Trust and a majority of the Qualified Trustees. If such annual approval is not obtained, this Plan shall expire 12 months after the effective date of the last approval.

10. This Plan may be amended at any time by the Board of Trustees;

provided that this Plan may not be amended to increase materially the amount of permitted expenses hereunder without the approval of holders of a "majority of the outstanding voting securities" of Class C and may not be materially amended in any case without a vote of a majority of both the Trustees and the Qualified Trustees. This Plan may be terminated at any time by a vote of a majority of the Qualified Trustees or by a vote of the holders of a "majority of the outstanding voting securities" of Class C.

11. The Fund and the Distributor shall provide the Board of Trustees, and the Board of Trustees shall review, at least quarterly, a written report of the amounts expended under this Plan and the purposes for which such expenditures were made.

12. While this Plan is in effect, the selection and nomination of Qualified Trustees shall be committed to the discretion of the Trustees who are not "interested persons" of the Trust.

13. For the purposes of this Plan, the terms "interested persons", "majority of the outstanding voting securities" and "specifically approved at least annually" are used as defined in the 1940 Act. In addition, for purposes of determining the fees payable to the Distributor hereunder, the value of the Fund's net assets shall be computed in the manner specified in the Fund's then-current prospectus and statement of additional information for computation of the net asset value of the Shares of the Fund.

14. The Trust shall preserve copies of this Plan, and each agreement related hereto and each report referred to in paragraph 11 hereof (collectively, the "Records") for a period of six years from the end of the fiscal year in which such Record was made and each such record shall be kept in an easily accessible place for the first two years of said record-keeping.

15. This Plan shall be construed in accordance with the laws of The Commonwealth of Massachusetts and the applicable provisions of the 1940 Act.

16. If any provision of this Plan shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Plan shall not be affected thereby.

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

<TABLE> <S> <C>

<ARTICLE> 6

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM THE FINANCIAL STATEMENTS OF MFS MUNICIPAL
INCOME FUND AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<SERIES>

<NUMBER> 23

<NAME> MFS MUNICIPAL INCOME FUND CLASS A

| <S> | <C> |
|---------------------------|---------------|
| <PERIOD-TYPE> | 12-MOS |
| <FISCAL-YEAR-END> | MAR-31-1995 |
| <PERIOD-END> | MAR-31-1995 |
| <INVESTMENTS-AT-COST> | 420,651,437 |
| <INVESTMENTS-AT-VALUE> | 448,023,193 |
| <RECEIVABLES> | 11,641,224 |
| <ASSETS-OTHER> | 6,957 |
| <OTHER-ITEMS-ASSETS> | 56,499 |
| <TOTAL-ASSETS> | 459,727,873 |
| <PAYABLE-FOR-SECURITIES> | 8,000,000 |
| <SENIOR-LONG-TERM-DEBT> | 0 |
| <OTHER-ITEMS-LIABILITIES> | 2,556,401 |
| <TOTAL-LIABILITIES> | 10,556,401 |
| <SENIOR-EQUITY> | 0 |
| <PAID-IN-CAPITAL-COMMON> | 433,004,620 |
| <SHARES-COMMON-STOCK> | 2,952,479 |
| <SHARES-COMMON-PRIOR> | 653,752 |
| <ACCUMULATED-NII-CURRENT> | 0 |
| <OVERDISTRIBUTION-NII> | 684,169 |
| <ACCUMULATED-NET-GAINS> | 0 |
| <OVERDISTRIBUTION-GAINS> | 10,520,735 |
| <ACCUM-APPREC-OR-DEPREC> | 27,371,756 |
| <NET-ASSETS> | (449,171,472) |
| <DIVIDEND-INCOME> | 0 |
| <INTEREST-INCOME> | 33,848,466 |
| <OTHER-INCOME> | 0 |
| <EXPENSES-NET> | 9,892,718 |
| <NET-INVESTMENT-INCOME> | (23,955,748) |
| <REALIZED-GAINS-CURRENT> | (8,796,119) |
| <APPREC-INCREASE-CURRENT> | 8,226,710 |
| <NET-CHANGE-FROM-OPS> | 23,386,339 |
| <EQUALIZATION> | 0 |
| <DISTRIBUTIONS-OF-INCOME> | (551,579) |

| | |
|-----------------------------|--------------|
| <DISTRIBUTIONS-OF-GAINS> | (2,000) |
| <DISTRIBUTIONS-OTHER> | 0 |
| <NUMBER-OF-SHARES-SOLD> | 2,767,565 |
| <NUMBER-OF-SHARES-REDEEMED> | 486,722 |
| <SHARES-REINVESTED> | 17,884 |
| <NET-CHANGE-IN-ASSETS> | (42,294,649) |
| <ACCUMULATED-NII-PRIOR> | 0 |
| <ACCUMULATED-GAINS-PRIOR> | 0 |
| <OVERDISTRIB-NII-PRIOR> | 1,489,567 |
| <OVERDIST-NET-GAINS-PRIOR> | 1,230,985 |
| <GROSS-ADVISORY-FEES> | 3,545,246 |
| <INTEREST-EXPENSE> | 0 |
| <GROSS-EXPENSE> | 9,892,718 |
| <AVERAGE-NET-ASSETS> | 462,893,820 |
| <PER-SHARE-NAV-BEGIN> | 8.56 |
| <PER-SHARE-NII> | 0.50 |
| <PER-SHARE-GAIN-APPREC> | 0.02 |
| <PER-SHARE-DIVIDEND> | (0.52) |
| <PER-SHARE-DISTRIBUTIONS> | 0.00 |
| <RETURNS-OF-CAPITAL> | 0.00 |
| <PER-SHARE-NAV-END> | 8.56 |
| <EXPENSE-RATIO> | 1.13 |
| <AVG-DEBT-OUTSTANDING> | 0 |
| <AVG-DEBT-PER-SHARE> | 0 |

</TABLE>

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

<TABLE> <S> <C>

<ARTICLE> 6

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM THE FINANCIAL STATEMENTS OF MUNICIPAL INCOME
FUND AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH
FINANCIAL STATEMENTS.

</LEGEND>

<SERIES>

<NUMBER> 23

<NAME> MUNICIPAL INCOME FUND CLASS B

| <S> | <C> |
|---------------------------|---------------|
| <PERIOD-TYPE> | 12-MOS |
| <FISCAL-YEAR-END> | MAR-31-1995 |
| <PERIOD-END> | MAR-31-1995 |
| <INVESTMENTS-AT-COST> | 420,651,437 |
| <INVESTMENTS-AT-VALUE> | 448,023,193 |
| <RECEIVABLES> | 11,641,224 |
| <ASSETS-OTHER> | 6,957 |
| <OTHER-ITEMS-ASSETS> | 56,499 |
| <TOTAL-ASSETS> | 459,727,873 |
| <PAYABLE-FOR-SECURITIES> | 8,000,000 |
| <SENIOR-LONG-TERM-DEBT> | 0 |
| <OTHER-ITEMS-LIABILITIES> | 2,556,401 |
| <TOTAL-LIABILITIES> | 10,556,401 |
| <SENIOR-EQUITY> | 0 |
| <PAID-IN-CAPITAL-COMMON> | 433,004,620 |
| <SHARES-COMMON-STOCK> | 48,206,602 |
| <SHARES-COMMON-PRIOR> | 56,008,099 |
| <ACCUMULATED-NII-CURRENT> | 0 |
| <OVERDISTRIBUTION-NII> | 684,169 |
| <ACCUMULATED-NET-GAINS> | 0 |
| <OVERDISTRIBUTION-GAINS> | 10,520,735 |
| <ACCUM-APPREC-OR-DEPREC> | 27,371,756 |
| <NET-ASSETS> | (449,171,472) |
| <DIVIDEND-INCOME> | 0 |
| <INTEREST-INCOME> | 33,848,466 |
| <OTHER-INCOME> | 0 |
| <EXPENSES-NET> | 9,892,718 |
| <NET-INVESTMENT-INCOME> | (23,955,748) |
| <REALIZED-GAINS-CURRENT> | (8,796,119) |
| <APPREC-INCREASE-CURRENT> | 8,226,710 |
| <NET-CHANGE-FROM-OPS> | 23,386,339 |
| <EQUALIZATION> | 0 |
| <DISTRIBUTIONS-OF-INCOME> | (22,598,713) |

| | |
|-----------------------------|--------------|
| <DISTRIBUTIONS-OF-GAINS> | 0 |
| <DISTRIBUTIONS-OTHER> | 0 |
| <NUMBER-OF-SHARES-SOLD> | 3,236,637 |
| <NUMBER-OF-SHARES-REDEEMED> | 12,503,667 |
| <SHARES-REINVESTED> | 1,465,533 |
| <NET-CHANGE-IN-ASSETS> | (42,294,649) |
| <ACCUMULATED-NII-PRIOR> | 0 |
| <ACCUMULATED-GAINS-PRIOR> | 0 |
| <OVERDISTRIB-NII-PRIOR> | 1,489,567 |
| <OVERDIST-NET-GAINS-PRIOR> | 1,230,985 |
| <GROSS-ADVISORY-FEES> | 3,545,246 |
| <INTEREST-EXPENSE> | 0 |
| <GROSS-EXPENSE> | 9,892,718 |
| <AVERAGE-NET-ASSETS> | 462,893,820 |
| <PER-SHARE-NAV-BEGIN> | 8.56 |
| <PER-SHARE-NII> | 0.44 |
| <PER-SHARE-GAIN-APPREC> | 0.00 |
| <PER-SHARE-DIVIDEND> | (0.43) |
| <PER-SHARE-DISTRIBUTIONS> | 0.00 |
| <RETURNS-OF-CAPITAL> | 0.00 |
| <PER-SHARE-NAV-END> | 8.57 |
| <EXPENSE-RATIO> | 2.16 |
| <AVG-DEBT-OUTSTANDING> | 0 |
| <AVG-DEBT-PER-SHARE> | 0 |

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 6

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM THE FINANCIAL STATEMENTS OF MFS MUNICIPAL
INCOME FUND AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<SERIES>

<NUMBER> 23

<NAME> MUNICIPAL INCOME FUND CLASS C

| <S> | <C> |
|---------------------------|---------------|
| <PERIOD-TYPE> | 12-MOS |
| <FISCAL-YEAR-END> | MAR-31-1995 |
| <PERIOD-END> | MAR-31-1995 |
| <INVESTMENTS-AT-COST> | 420,651,437 |
| <INVESTMENTS-AT-VALUE> | 448,023,193 |
| <RECEIVABLES> | 11,641,224 |
| <ASSETS-OTHER> | 6,957 |
| <OTHER-ITEMS-ASSETS> | 56,499 |
| <TOTAL-ASSETS> | 459,727,873 |
| <PAYABLE-FOR-SECURITIES> | 8,000,000 |
| <SENIOR-LONG-TERM-DEBT> | 0 |
| <OTHER-ITEMS-LIABILITIES> | 2,556,401 |
| <TOTAL-LIABILITIES> | 10,556,401 |
| <SENIOR-EQUITY> | 0 |
| <PAID-IN-CAPITAL-COMMON> | 433,004,620 |
| <SHARES-COMMON-STOCK> | 1,276,061 |
| <SHARES-COMMON-PRIOR> | 746,497 |
| <ACCUMULATED-NII-CURRENT> | 0 |
| <OVERDISTRIBUTION-NII> | 684,169 |
| <ACCUMULATED-NET-GAINS> | 0 |
| <OVERDISTRIBUTION-GAINS> | 10,520,735 |
| <ACCUM-APPREC-OR-DEPREC> | 27,371,756 |
| <NET-ASSETS> | (449,171,472) |
| <DIVIDEND-INCOME> | 0 |
| <INTEREST-INCOME> | 33,848,466 |
| <OTHER-INCOME> | 0 |
| <EXPENSES-NET> | 9,892,718 |
| <NET-INVESTMENT-INCOME> | (23,955,748) |
| <REALIZED-GAINS-CURRENT> | (8,796,119) |
| <APPREC-INCREASE-CURRENT> | 8,226,710 |
| <NET-CHANGE-FROM-OPS> | 23,386,339 |
| <EQUALIZATION> | 0 |
| <DISTRIBUTIONS-OF-INCOME> | (491,715) |
| <DISTRIBUTIONS-OF-GAINS> | 0 |
| <DISTRIBUTIONS-OTHER> | 0 |

| | |
|-----------------------------|--------------|
| <NUMBER-OF-SHARES-SOLD> | 1,490,674 |
| <NUMBER-OF-SHARES-REDEEMED> | 999,873 |
| <SHARES-REINVESTED> | 38,763 |
| <NET-CHANGE-IN-ASSETS> | (42,294,649) |
| <ACCUMULATED-NII-PRIOR> | 0 |
| <ACCUMULATED-GAINS-PRIOR> | 0 |
| <OVERDISTRIB-NII-PRIOR> | 1,489,567 |
| <OVERDIST-NET-GAINS-PRIOR> | 1,230,985 |
| <GROSS-ADVISORY-FEES> | 3,545,246 |
| <INTEREST-EXPENSE> | 0 |
| <GROSS-EXPENSE> | 9,892,718 |
| <AVERAGE-NET-ASSETS> | 462,893,820 |
| <PER-SHARE-NAV-BEGIN> | 8.56 |
| <PER-SHARE-NII> | 0.44 |
| <PER-SHARE-GAIN-APPREC> | 0.01 |
| <PER-SHARE-DIVIDEND> | (0.44) |
| <PER-SHARE-DISTRIBUTIONS> | 0.00 |
| <RETURNS-OF-CAPITAL> | 0.00 |
| <PER-SHARE-NAV-END> | 8.57 |
| <EXPENSE-RATIO> | 2.09 |
| <AVG-DEBT-OUTSTANDING> | 0 |
| <AVG-DEBT-PER-SHARE> | 0 |

</TABLE>