

# Fidelity® Variable Insurance Products: Contrafund Portfolio



**Semiannual Report**  
**June 30, 2010**



# Contents

<b>Shareholder Expense Example</b>	<b>3</b>	An example of shareholder expenses.
<b>Investment Changes</b>	<b>4</b>	A summary of major shifts in the fund's investments over the past six months.
<b>Investments</b>	<b>5</b>	A complete list of the fund's investments with their market values.
<b>Financial Statements</b>	<b>14</b>	Statements of assets and liabilities, operations, and changes in net assets, as well as financial highlights.
<b>Notes</b>	<b>19</b>	Notes to the financial statements.

To view a fund's proxy voting guidelines and proxy voting record for the 12-month period ended June 30, visit <http://www.fidelity.com/proxyvotingresults> or visit the Securities and Exchange Commission's (SEC) web site at <http://www.sec.gov>. You may also call 1-877-208-0098 to request a free copy of the proxy voting guidelines.

Fidelity Variable Insurance Products are separate account options which are purchased through a variable insurance contract.

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*This report and the financial statements contained herein are submitted for the general information of the shareholders of the fund. This report is not authorized for distribution to prospective investors in the fund unless preceded or accompanied by an effective prospectus.*

*A fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Forms N-Q are available on the SEC's web site at <http://www.sec.gov>. A fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330. For a complete list of a fund's portfolio holdings, view the most recent holdings listing, semiannual report, or annual report on Fidelity's web site at <http://www.fidelity.com> or <http://www.advisor.fidelity.com>, as applicable.*

**NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE**

*Neither the fund nor Fidelity Distributors Corporation is a bank.*

# Shareholder Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including redemption fees, and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (January 1, 2010 to June 30, 2010).

## Actual Expenses

The first line of the accompanying table for each class of the Fund provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000.00 (for example, an \$8,600 account value divided by \$1,000.00 = 8.6), then multiply the result by the number in the first line for a class of the Fund under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. The estimate of expenses does not include any fees or other expenses of any variable annuity or variable life insurance product. If they were, the estimate of expenses you paid during the period would be higher, and your ending account value would be lower. In addition, the Fund, as a shareholder in the underlying Fidelity Central Funds, will indirectly bear its pro-rata share of the fees and expenses incurred by the underlying Fidelity Central Funds. These fees and expenses are not included in the Fund's annualized expense ratio used to calculate the expense estimate in the table below.

## Hypothetical Example for Comparison Purposes

The second line of the accompanying table for each class of the Fund provides information about hypothetical account values and hypothetical expenses based on a Class' actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Class' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. The estimate of expenses does not include any fees or other expenses of any variable annuity or variable life insurance product. If they were, the estimate of expenses you paid during the period would be higher, and your ending account value would be lower. In addition, the Fund, as a shareholder in the underlying Fidelity Central Funds, will indirectly bear its pro-rata share of the fees and expenses incurred by the underlying Fidelity Central Funds. These fees and expenses are not included in the Fund's annualized expense ratio used to calculate the expense estimate in the table below.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Annualized Expense Ratio	Beginning Account Value January 1, 2010	Ending Account Value June 30, 2010	Expenses Paid During Period* January 1, 2010 to June 30, 2010
<b>Initial Class</b>	.65%			
Actual		\$ 1,000.00	\$ 934.00	\$ 3.12
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,021.57	\$ 3.26
<b>Service Class</b>	.75%			
Actual		\$ 1,000.00	\$ 933.30	\$ 3.60
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,021.08	\$ 3.76
<b>Service Class 2</b>	.90%			
Actual		\$ 1,000.00	\$ 932.50	\$ 4.31
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,020.33	\$ 4.51
<b>Service Class 2R</b>	.90%			
Actual		\$ 1,000.00	\$ 932.30	\$ 4.31
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,020.33	\$ 4.51
<b>Investor Class</b>	.74%			
Actual		\$ 1,000.00	\$ 933.40	\$ 3.55
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,021.12	\$ 3.71

<sup>A</sup> 5% return per year before expenses

\* Expenses are equal to each Class' annualized expense ratio, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

# Investment Changes (Unaudited)

## Top Ten Stocks as of June 30, 2010

	% of fund's net assets	% of fund's net assets 6 months ago
Apple, Inc.	2.8	0.8
Microsoft Corp.	2.4	2.7
JPMorgan Chase & Co.	2.1	3.0
The Coca-Cola Co.	1.6	1.0
Wells Fargo & Co.	1.5	2.1
Procter & Gamble Co.	1.6	1.8
General Electric Co.	1.5	1.3
Citigroup, Inc.	1.5	0.0
Micron Technology, Inc.	1.3	1.4
Merck & Co., Inc.	1.3	1.6
	<u>17.6</u>	

## Top Ten Market Sectors as of June 30, 2010

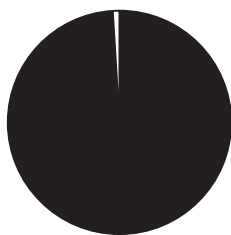
	% of fund's net assets	% of fund's net assets 6 months ago
Information Technology	18.4	19.9
Financials	15.6	13.9
Health Care	11.5	12.1
Industrials	11.4	10.5
Consumer Staples	10.9	11.4
Energy	10.5	11.3
Consumer Discretionary	9.8	9.1
Utilities	3.7	3.7
Telecommunication Services	3.3	3.3
Materials	3.2	3.5

## Asset Allocation (% of fund's net assets)

As of June 30, 2010\*

- Stocks and Equity Futures 99.0%
- Short-Term Investments and Net Other Assets 1.0%

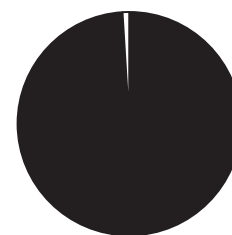
\* Foreign investments 13.7%



As of December 31, 2009\*\*

- Stocks and Equity Futures 99.0%
- Short-Term Investments and Net Other Assets 1.0%

\*\* Foreign investments 15.4%



# Investments June 30, 2010 (Unaudited)

Showing Percentage of Net Assets

## Common Stocks – 98.2%

	Shares	Value
<b>CONSUMER DISCRETIONARY – 9.7%</b>		
<b>Auto Components – 0.4%</b>		
Johnson Controls, Inc. ....	1,698,000	\$ 45,625,260
TRW Automotive Holdings Corp. (a) .	455,275	12,551,932
		<u>58,177,192</u>
<b>Automobiles – 0.5%</b>		
Daimler AG (United States) (a) .....	353,200	17,854,260
Ford Motor Co. (a) .....	3,036,198	30,604,876
Harley-Davidson, Inc. ....	992,200	22,056,606
Toyota Motor Corp. sponsored ADR .	181,000	12,411,170
		<u>82,926,912</u>
<b>Distributors – 0.1%</b>		
Li & Fung Ltd. ....	3,643,000	16,299,220
<b>Hotels, Restaurants &amp; Leisure – 1.7%</b>		
Darden Restaurants, Inc. ....	438,898	17,051,187
Las Vegas Sands Corp. (a)(c) .....	794,000	17,579,160
Marriott International, Inc. Class A ..	941,161	28,178,360
McDonald's Corp. ....	2,027,300	133,538,251
Royal Caribbean Cruises Ltd. (a)(c) ..	560,400	12,760,308
Starwood Hotels & Resorts Worldwide, Inc. ....	846,600	35,074,638
Yum! Brands, Inc. ....	196,500	7,671,360
		<u>251,853,264</u>
<b>Household Durables – 0.4%</b>		
D.R. Horton, Inc. ....	1,307,200	12,849,776
M.D.C. Holdings, Inc. ....	525,750	14,168,963
Newell Rubbermaid, Inc. ....	985,600	14,429,184
Stanley Black & Decker, Inc. ....	396,061	20,009,002
		<u>61,456,925</u>
<b>Internet &amp; Catalog Retail – 0.6%</b>		
Amazon.com, Inc. (a) .....	493,805	53,953,134
Expedia, Inc. ....	1,121,338	21,058,728
Rakuten, Inc. ....	12,567	9,081,635
		<u>84,093,497</u>
<b>Leisure Equipment &amp; Products – 0.1%</b>		
Brunswick Corp. ....	687,687	8,547,949
Eastman Kodak Co. (a)(c) .....	1,677,700	7,281,218
		<u>15,829,167</u>
<b>Media – 2.9%</b>		
DIRECTV (a) .....	2,317,100	78,596,032
Liberty Global, Inc. Class A (a)(c) ....	678,200	17,626,418
Naspers Ltd. Class N .....	241,900	8,190,119
The Walt Disney Co. ....	4,261,443	134,235,455
The Weinstein Co. II Holdings, LLC Class A-1 (a)(h) .....	11,499	4,312,125
Time Warner Cable, Inc. ....	1,081,743	56,337,175
Time Warner, Inc. ....	2,773,947	80,194,808
Viacom, Inc. Class B (non-vtg.) .....	1,839,316	57,699,343
		<u>437,191,475</u>

	Shares	Value
<b>Multiline Retail – 0.5%</b>		
Target Corp. ....	1,543,700	\$ 75,903,729
<b>Specialty Retail – 2.3%</b>		
Best Buy Co., Inc. ....	992,922	33,620,339
Hengdeli Holdings Ltd. ....	22,412,000	9,661,311
Home Depot, Inc. ....	3,565,200	100,075,164
Inditex SA .....	327,151	18,653,837
Lowe's Companies, Inc. ....	3,432,900	70,099,818
Ross Stores, Inc. ....	407,300	21,705,017
Sally Beauty Holdings, Inc. (a) .....	2,008,821	16,472,332
Tiffany & Co., Inc. ....	400,900	15,198,119
TJX Companies, Inc. ....	1,157,152	48,542,526
Urban Outfitters, Inc. (a) .....	448,200	15,413,598
		<u>349,442,061</u>
<b>Textiles, Apparel &amp; Luxury Goods – 0.2%</b>		
LVMH Moet Hennessy – Louis Vuitton .	124,802	13,583,255
Ports Design Ltd. ....	1,947,500	4,953,586
Trinity Ltd. ....	8,956,000	5,961,410
		<u>24,498,251</u>
TOTAL CONSUMER DISCRETIONARY .....		<u>1,457,671,693</u>
<b>CONSUMER STAPLES – 10.9%</b>		
<b>Beverages – 4.0%</b>		
Anheuser-Busch InBev SA NV .....	887,009	42,646,781
Coca-Cola Bottling Co. Consolidated .	183,726	8,804,150
Coca-Cola FEMSA SAB de CV sponsored ADR .....	131,047	8,202,232
Coca-Cola Icecek AS .....	486,982	4,367,138
Companhia de Bebidas das Americas (AmBev) (PN) sponsored ADR .....	85,762	8,662,820
Constellation Brands, Inc. Class A (sub. vtg.) (a) .....	3,095,869	48,357,474
Diageo PLC sponsored ADR .....	688,271	43,182,123
Embotelladora Andina SA sponsored ADR .....	397,500	8,888,100
Molson Coors Brewing Co. Class B ..	1,438,618	60,939,858
PepsiCo, Inc. ....	2,049,588	124,922,389
The Coca-Cola Co. ....	4,704,028	235,765,883
		<u>594,738,948</u>
<b>Food &amp; Staples Retailing – 2.2%</b>		
BJ's Wholesale Club, Inc. (a) .....	771,790	28,563,948
CVS Caremark Corp. ....	2,704,198	79,287,085
Kroger Co. ....	2,085,112	41,055,855
Safeway, Inc. ....	393,188	7,730,076
Wal-Mart Stores, Inc. ....	1,934,631	92,997,712
Walgreen Co. ....	3,333,890	89,014,863
		<u>338,649,539</u>
<b>Food Products – 1.1%</b>		
Archer Daniels Midland Co. ....	1,036,741	26,768,653
Ausnutria Dairy Hunan Co. Ltd. Class H .....	7,053,000	4,305,344
Bunge Ltd. ....	91,400	4,495,966

See accompanying notes which are an integral part of the financial statements.

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>CONSUMER STAPLES – continued</b>		
<b>Food Products – continued</b>		
Dean Foods Co. (a) .....	3,427,418	\$ 34,514,099
Green Mountain Coffee Roasters, Inc. (a) .....	548,322	14,091,875
Nestle SA .....	759,895	36,641,250
Unilever NV unit .....	1,573,009	42,974,606
Viterra, Inc. (a) .....	605,100	4,030,021
		<u>167,821,814</u>
<b>Household Products – 1.8%</b>		
Colgate-Palmolive Co. ....	226,639	17,850,088
Energizer Holdings, Inc. (a) .....	347,723	17,483,512
Procter & Gamble Co. ....	3,835,006	230,023,660
		<u>265,357,260</u>
<b>Personal Products – 0.5%</b>		
Avon Products, Inc. ....	2,641,331	69,995,272
<b>Tobacco – 1.3%</b>		
Altria Group, Inc. ....	2,646,779	53,041,451
British American Tobacco PLC sponsored ADR .....	1,390,168	87,997,634
Philip Morris International, Inc. ....	1,059,927	48,587,054
Souza Cruz Industria Comerico ....	118,200	4,451,114
		<u>194,077,253</u>
TOTAL CONSUMER STAPLES .....		<u>1,630,640,086</u>
<b>ENERGY – 10.5%</b>		
<b>Energy Equipment &amp; Services – 2.9%</b>		
Baker Hughes, Inc. ....	2,983,618	124,029,000
Cameron International Corp. (a) ....	213,094	6,929,817
EnSCO International Ltd. ADR .....	469,629	18,447,027
Halliburton Co. ....	3,095,104	75,984,803
National Oilwell Varco, Inc. ....	391,733	12,954,610
Noble Corp. ....	720,300	22,264,473
Oceaneering International, Inc. (a) ..	112,185	5,037,107
Pride International, Inc. (a) .....	1,740,031	38,872,293
Saipem SpA .....	389,843	11,873,441
Schlumberger Ltd. ....	249,900	13,829,466
Smith International, Inc. ....	2,068,915	77,894,650
Transocean Ltd. (a) .....	502,807	23,295,048
Weatherford International Ltd. (a) ...	878,362	11,541,677
		<u>442,953,412</u>
<b>Oil, Gas &amp; Consumable Fuels – 7.6%</b>		
Alpha Natural Resources, Inc. (a) ...	155,100	5,253,237
Anadarko Petroleum Corp. ....	760,333	27,440,418
Apache Corp. ....	366,262	30,835,598
Arch Coal, Inc. ....	993,465	19,680,542
BG Group PLC .....	3,708,956	55,146,098
BP PLC .....	1,179,900	5,646,677
BP PLC sponsored ADR .....	552,430	15,954,178
Chevron Corp. ....	1,666,979	113,121,195

	Shares	Value
China Shenhua Energy Co. Ltd. (H Shares) .....	1,684,000	\$ 6,075,570
Concho Resources, Inc. (a) .....	359,961	19,916,642
Denbury Resources, Inc. (a) .....	2,999,887	43,918,346
Exxon Mobil Corp. ....	3,014,629	172,044,877
Falkland Oil & Gas Ltd. (a) .....	1,645,400	5,991,712
Frontier Oil Corp. ....	632,578	8,508,174
Imperial Oil Ltd. ....	540,200	19,678,696
InterOil Corp. (a)(c) .....	158,300	7,030,103
Marathon Oil Corp. ....	2,213,949	68,831,674
Mariner Energy, Inc. (a) .....	189,800	4,076,904
Massey Energy Co. ....	569,200	15,567,620
Niko Resources Ltd. ....	31,800	2,957,605
Occidental Petroleum Corp. ....	759,961	58,630,991
OPTI Canada, Inc. (a) .....	1,065,800	1,792,102
Peabody Energy Corp. ....	158,600	6,206,018
Petrobank Energy & Resources Ltd. (a)	654,600	23,028,294
Petrohawk Energy Corp. (a) .....	1,280,876	21,736,466
Pioneer Natural Resources Co. ....	132,600	7,883,070
Plains Exploration & Production Co. (a)	1,256,684	25,900,257
Royal Dutch Shell PLC Class B ADR ..	2,169,900	104,762,772
Southwestern Energy Co. (a) .....	1,695,170	65,501,369
Suncor Energy, Inc. ....	2,537,844	74,689,449
Talisman Energy, Inc. ....	2,889,700	43,703,133
Ultra Petroleum Corp. (a) .....	402,758	17,822,042
Whiting Petroleum Corp. (a) .....	448,250	35,151,765
		<u>1,134,483,594</u>
TOTAL ENERGY .....		<u>1,577,437,006</u>

### FINANCIALS – 15.6%

#### Capital Markets – 2.6%

Ameriprise Financial, Inc. ....	992,830	35,870,948
Charles Schwab Corp. ....	1,837,313	26,053,098
Evercore Partners, Inc. Class A .....	182,600	4,263,710
Franklin Resources, Inc. ....	327,846	28,257,047
Invesco Ltd. ....	1,250,707	21,049,399
MF Global Holdings Ltd. (a) .....	1,948,700	11,127,077
Morgan Stanley .....	5,336,586	123,862,161
State Street Corp. ....	3,741,124	126,524,814
TD Ameritrade Holding Corp. (a) ....	573,800	8,779,140
		<u>385,787,394</u>

#### Commercial Banks – 4.2%

BB&T Corp. ....	1,085,260	28,553,191
FirstMerit Corp. ....	1,171,826	20,073,379
Huntington Bancshares, Inc. ....	5,061,037	28,038,145
KeyCorp .....	1,332,435	10,246,425
PNC Financial Services Group, Inc. .	2,579,507	145,742,146
Regions Financial Corp. ....	3,285,511	21,618,662
Sumitomo Mitsui Financial Group, Inc.	1,044,000	29,552,682
SunTrust Banks, Inc. ....	1,238,100	28,847,730
U.S. Bancorp, Delaware .....	3,534,567	78,997,572

See accompanying notes which are an integral part of the financial statements.

## Common Stocks – continued

	Shares	Value
<b>FINANCIALS – continued</b>		
<b>Commercial Banks – continued</b>		
Wells Fargo & Co. ....	9,125,824	\$ 233,621,094
Zions Bancorporation .....	480,900	10,373,013
		<u>635,664,039</u>
<b>Consumer Finance – 1.3%</b>		
American Express Co. ....	2,168,033	86,070,910
Capital One Financial Corp. ....	1,460,365	58,852,710
Discover Financial Services .....	2,900,349	40,546,879
Promise Co. Ltd. (c) .....	1,127,900	7,600,179
		<u>193,070,678</u>
<b>Diversified Financial Services – 4.6%</b>		
Bank of America Corp. ....	6,566,012	94,353,592
Citigroup, Inc. (a) .....	58,623,011	220,422,521
CME Group, Inc. ....	112,206	31,591,599
IntercontinentalExchange, Inc. (a) ...	127,464	14,407,256
JPMorgan Chase & Co. ....	8,374,539	306,591,873
NBH Holdings Corp. Class A (a)(e) ..	813,800	15,869,100
		<u>683,235,941</u>
<b>Insurance – 2.0%</b>		
Allstate Corp. ....	863,046	24,795,312
CNO Financial Group, Inc. (a) .....	3,779,800	18,710,010
First American Financial Corp. ....	609,105	7,723,451
Genworth Financial, Inc. Class A (a) .	1,213,800	15,864,366
Marsh & McLennan Companies, Inc. ....	1,300,410	29,324,246
MetLife, Inc. ....	3,488,719	131,734,029
Protective Life Corp. ....	833,600	17,830,704
Sony Financial Holdings, Inc. ....	5,880	19,617,586
Unum Group .....	1,458,200	31,642,940
		<u>297,242,644</u>
<b>Real Estate Investment Trusts – 0.5%</b>		
ProLogis Trust .....	1,875,441	18,998,217
Public Storage .....	405,600	35,656,296
The Macerich Co. ....	339,900	12,685,068
U-Store-It Trust .....	1,386,876	10,346,095
		<u>77,685,676</u>
<b>Real Estate Management &amp; Development – 0.3%</b>		
BR Malls Participacoes SA .....	1,404,700	18,451,881
Forest City Enterprises, Inc. Class A (a)	386,661	4,377,003
Indiabulls Real Estate Ltd. (a) .....	5,003,398	16,760,037
		<u>39,588,921</u>
<b>Thrifts &amp; Mortgage Finance – 0.1%</b>		
Ocwen Financial Corp. (a) .....	1,988,400	20,261,796
		<u>2,332,537,089</u>
<b>HEALTH CARE – 11.5%</b>		
<b>Biotechnology – 1.9%</b>		
Abraxis BioScience, Inc. (a) .....	218,559	16,217,078

	Shares	Value
Acorda Therapeutics, Inc. (a) .....	253,500	\$ 7,886,385
AMAG Pharmaceuticals, Inc. (a) ....	381,736	13,112,632
Amgen, Inc. (a) .....	745,967	39,237,864
AVEO Pharmaceuticals, Inc. ....	522,700	3,695,489
Biogen Idec, Inc. (a) .....	917,711	43,545,387
BioMarin Pharmaceutical, Inc. (a) ...	1,110,617	21,057,298
Genzyme Corp. (a) .....	1,474,400	74,855,288
Gilead Sciences, Inc. (a) .....	1,564,313	53,624,650
Human Genome Sciences, Inc. (a) ...	393,727	8,921,854
		<u>282,153,925</u>
<b>Health Care Equipment &amp; Supplies – 1.8%</b>		
American Medical Systems Holdings, Inc. (a) .....	608,400	13,457,808
C. R. Bard, Inc. ....	346,020	26,826,931
CareFusion Corp. (a) .....	682,543	15,493,726
Covidien PLC .....	1,251,922	50,302,226
Edwards Lifesciences Corp. (a) .....	1,023,162	57,317,535
Mako Surgical Corp. (a) .....	1,154,193	14,369,703
Quidel Corp. (a)(c) .....	1,322,504	16,782,576
Stryker Corp. ....	839,300	42,015,358
Thoratec Corp. (a) .....	229,700	9,815,081
William Demant Holding AS (a) .....	338,874	24,784,180
		<u>271,165,124</u>
<b>Health Care Providers &amp; Services – 2.5%</b>		
CIGNA Corp. ....	1,431,539	44,463,601
Express Scripts, Inc. (a) .....	1,738,552	81,746,715
Henry Schein, Inc. (a) .....	991,100	54,411,390
McKesson Corp. ....	410,100	27,542,316
Medco Health Solutions, Inc. (a) .....	1,631,280	89,850,902
UnitedHealth Group, Inc. ....	2,556,889	72,615,648
		<u>370,630,572</u>
<b>Health Care Technology – 0.1%</b>		
Allscripts-Misys Healthcare Solutions, Inc. (a) .....	976,123	15,715,580
<b>Life Sciences Tools &amp; Services – 0.9%</b>		
Covance, Inc. (a) .....	567,877	29,143,448
Fluidigm Corp. warrants 8/25/19 (a)	8,933	866
Illumina, Inc. (a) .....	862,164	37,529,999
Life Technologies Corp. (a) .....	768,728	36,322,398
QIAGEN NV (a) .....	1,258,170	24,182,027
		<u>127,178,738</u>
<b>Pharmaceuticals – 4.3%</b>		
Abbott Laboratories .....	1,356,510	63,457,538
Allergan, Inc. ....	1,139,368	66,379,580
Biovail Corp. ....	601,900	11,596,420
Johnson & Johnson .....	891,633	52,659,845
Merck & Co., Inc. ....	5,517,725	192,954,843
Novo Nordisk AS Series B .....	404,009	32,638,585
Perrigo Co. ....	324,658	19,177,548
Pfizer, Inc. ....	10,801,310	154,026,681

See accompanying notes which are an integral part of the financial statements.

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>HEALTH CARE – continued</b>		
<b>Pharmaceuticals – continued</b>		
Shire PLC sponsored ADR .....	697,700	\$ 42,824,826
Valeant Pharmaceuticals International (a) .....	223,300	11,676,357
		<u>647,392,223</u>
TOTAL HEALTH CARE .....		<u>1,714,236,162</u>
<b>INDUSTRIALS – 11.4%</b>		
<b>Aerospace &amp; Defense – 2.3%</b>		
Goodrich Corp. ....	809,856	53,652,960
Honeywell International, Inc. ....	658,200	25,689,546
Raytheon Co. ....	1,255,612	60,759,065
The Boeing Co. ....	1,282,750	80,492,563
United Technologies Corp. ....	1,787,929	116,054,471
		<u>336,648,605</u>
<b>Air Freight &amp; Logistics – 0.3%</b>		
United Parcel Service, Inc. Class B ...	890,200	50,643,478
<b>Airlines – 0.2%</b>		
Southwest Airlines Co. ....	3,087,816	34,305,636
<b>Building Products – 0.3%</b>		
Armstrong World Industries, Inc. (a) .	284,730	8,593,151
Masco Corp. ....	1,477,912	15,902,333
Owens Corning (a) .....	616,901	18,451,509
		<u>42,946,993</u>
<b>Commercial Services &amp; Supplies – 0.2%</b>		
Republic Services, Inc. ....	700,595	20,828,689
Stericycle, Inc. (a) .....	224,700	14,735,826
		<u>35,564,515</u>
<b>Construction &amp; Engineering – 0.3%</b>		
Fluor Corp. ....	624,350	26,534,875
Granite Construction, Inc. ....	251,890	5,939,566
Jacobs Engineering Group, Inc. (a) ..	281,000	10,239,640
KBR, Inc. ....	409,384	8,326,871
		<u>51,040,952</u>
<b>Electrical Equipment – 1.9%</b>		
Cooper Industries PLC Class A .....	888,275	39,084,100
Emerson Electric Co. ....	449,100	19,621,179
First Solar, Inc. (a)(c) .....	1,130,978	128,739,226
JA Solar Holdings Co. Ltd. ADR (a)(c)	5,108,685	23,755,385
Regal-Beloit Corp. ....	731,426	40,798,942
Saft Groupe SA .....	385,416	11,686,033
Solarfun Power Holdings Co. Ltd. ADR (a)(c) .....	2,774,190	18,781,266
		<u>282,466,131</u>
<b>Industrial Conglomerates – 2.0%</b>		
3M Co. ....	413,700	32,678,163
Carlisle Companies, Inc. ....	365,677	13,211,910

	Shares	Value
General Electric Co. ....	15,636,600	\$ 225,479,772
Tyco International Ltd. ....	925,700	32,612,411
		<u>303,982,256</u>
<b>Machinery – 2.7%</b>		
Caterpillar, Inc. ....	1,214,100	72,930,987
Cummins, Inc. ....	1,083,886	70,593,495
Danaher Corp. ....	1,997,742	74,156,183
Deere & Co. ....	1,147,270	63,879,994
Dover Corp. ....	323,300	13,510,707
Ingersoll-Rand Co. Ltd. ....	968,600	33,407,014
Navistar International Corp. (a) .....	815,623	40,128,652
NSK Ltd. ....	718,000	4,987,452
Timken Co. ....	220,200	5,722,998
Toro Co. ....	204,728	10,056,239
Vallourec SA (c) .....	56,781	9,789,343
		<u>399,163,064</u>
<b>Road &amp; Rail – 1.2%</b>		
CSX Corp. ....	1,514,630	75,171,087
Union Pacific Corp. ....	1,440,204	100,108,580
		<u>175,279,667</u>
TOTAL INDUSTRIALS .....		<u>1,712,041,297</u>
<b>INFORMATION TECHNOLOGY – 18.4%</b>		
<b>Communications Equipment – 0.5%</b>		
Aruba Networks, Inc. (a)(c) .....	2,276,776	32,421,290
Ciena Corp. (a)(c) .....	1,913,429	24,262,280
Meru Networks, Inc. (a)(c) .....	574,625	6,815,053
ViaSat, Inc. (a) .....	250,254	8,148,270
		<u>71,646,893</u>
<b>Computers &amp; Peripherals – 4.0%</b>		
A-DATA Technology Co. Ltd. (a) .....	4,921,000	9,520,702
Apple, Inc. (a) .....	1,653,828	415,987,346
HTC Corp. ....	1,976,000	26,124,818
SanDisk Corp. (a) .....	3,690,201	155,246,756
		<u>606,879,622</u>
<b>Electronic Equipment &amp; Components – 0.5%</b>		
Agilent Technologies, Inc. (a) .....	1,792,304	50,955,203
BYD Co. Ltd. (H Shares) (c) .....	1,536,500	11,301,629
Tyco Electronics Ltd. ....	453,684	11,514,500
		<u>73,771,332</u>
<b>Internet Software &amp; Services – 1.5%</b>		
eBay, Inc. (a) .....	4,324,676	84,806,896
Google, Inc. Class A (a) .....	123,886	55,123,076
WebMD Health Corp. (a) .....	1,834,419	85,172,074
		<u>225,102,046</u>
<b>IT Services – 0.2%</b>		
CoreLogic, Inc. (a) .....	508,953	8,988,110

See accompanying notes which are an integral part of the financial statements.

## Common Stocks – continued

	Shares	Value
<b>INFORMATION TECHNOLOGY – continued</b>		
<b>IT Services – continued</b>		
Heartland Payment Systems, Inc. ....	291,501	\$ 4,325,875
Visa, Inc. Class A .....	250,013	17,688,420
		<u>31,002,405</u>
<b>Semiconductors &amp; Semiconductor Equipment – 9.2%</b>		
Analog Devices, Inc. ....	4,121,760	114,832,234
Applied Materials, Inc. ....	13,198,646	158,647,725
Applied Micro Circuits Corp. (a) ....	429,220	4,498,226
ASML Holding NV .....	6,847,123	188,090,469
ATMI, Inc. (a)(d) .....	1,686,873	24,695,821
Avago Technologies Ltd. ....	1,296,772	27,310,018
Broadcom Corp. Class A .....	1,903,162	62,747,251
Brooks Automation, Inc. (a)(d) .....	3,437,440	26,571,411
FSI International, Inc. (a) .....	43,800	183,522
Inotera Memories, Inc. (a) .....	78,189,698	43,137,113
Intel Corp. ....	5,624,347	109,393,549
Intersil Corp. Class A .....	506,092	6,128,774
KLA-Tencor Corp. ....	1,028,459	28,673,437
Kulicke & Soffa Industries, Inc. (a) ...	834,731	5,859,812
Lam Research Corp. (a) .....	3,242,145	123,396,039
LDK Solar Co. Ltd. sponsored ADR (a)(c) .....	523,500	2,706,495
Marvell Technology Group Ltd. (a) ...	3,278,371	51,667,127
Micron Technology, Inc. (a) .....	22,817,702	193,722,290
Nanya Technology Corp. (a) .....	19,601,000	15,078,391
Photronics, Inc. (a) .....	1,852,538	8,373,472
ReneSola Ltd. sponsored ADR (a)(c) ..	1,400,940	8,363,612
Samsung Electronics Co. Ltd. ....	202,069	126,607,356
Skyworks Solutions, Inc. (a) .....	443,100	7,439,649
Varian Semiconductor Equipment Associates, Inc. (a) .....	1,646,142	47,178,430
		<u>1,385,302,223</u>
<b>Software – 2.5%</b>		
Microsoft Corp. ....	15,511,490	356,919,385
Nuance Communications, Inc. (a) ...	702,133	10,496,888
		<u>367,416,273</u>
TOTAL INFORMATION TECHNOLOGY .....		<u>2,761,120,794</u>
<b>MATERIALS – 3.2%</b>		
<b>Chemicals – 1.7%</b>		
Air Products & Chemicals, Inc. ....	271,404	17,589,693
Albemarle Corp. ....	840,291	33,367,956
CF Industries Holdings, Inc. ....	67,650	4,292,393
Clariant AG (Reg.) (a) .....	714,033	9,041,375
Dow Chemical Co. ....	2,672,100	63,382,212
E.I. du Pont de Nemours & Co. ....	510,254	17,649,686
Lubrizol Corp. ....	32,800	2,634,168
LyondellBasell Industries NV:		
Class A (a) .....	169,276	2,733,807
Class B (a) .....	154,983	2,502,975

	Shares	Value
Monsanto Co. ....	763,046	\$ 35,267,986
Praxair, Inc. ....	383,532	29,144,597
Solutia, Inc. (a) .....	1,157,100	15,158,010
The Mosaic Co. ....	243,500	9,491,630
Wacker Chemie AG (c) .....	94,882	13,759,432
		<u>256,015,920</u>
<b>Construction Materials – 0.1%</b>		
HeidelbergCement AG .....	130,234	6,187,925
<b>Containers &amp; Packaging – 0.3%</b>		
Ball Corp. ....	226,424	11,961,980
Owens-Illinois, Inc. (a) .....	722,900	19,120,705
Pactiv Corp. (a) .....	276,900	7,711,665
Rexam PLC .....	2,502,800	11,255,603
		<u>50,049,953</u>
<b>Metals &amp; Mining – 1.0%</b>		
AngloGold Ashanti Ltd. sponsored ADR .....	1,298,727	56,079,032
Carpenter Technology Corp. ....	274,280	9,004,612
Commercial Metals Co. ....	772,000	10,205,840
Freeport-McMoRan Copper & Gold, Inc. ....	725,800	42,916,554
Globe Specialty Metals, Inc. ....	1,008,385	10,416,617
Ivanhoe Mines Ltd. (a) .....	497,200	6,440,644
Nucor Corp. ....	369,900	14,159,772
Walter Energy, Inc. ....	52,000	3,164,200
		<u>152,387,271</u>
<b>Paper &amp; Forest Products – 0.1%</b>		
Weyerhaeuser Co. ....	554,736	19,526,707
TOTAL MATERIALS .....		<u>484,167,776</u>
<b>TELECOMMUNICATION SERVICES – 3.3%</b>		
<b>Diversified Telecommunication Services – 1.6%</b>		
AT&T, Inc. ....	3,158,726	76,409,582
Qwest Communications International, Inc. ....	30,235,852	158,738,223
		<u>235,147,805</u>
<b>Wireless Telecommunication Services – 1.7%</b>		
America Movil SAB de CV Series L sponsored ADR .....	544,000	25,840,000
American Tower Corp. Class A (a) ...	2,561,563	113,989,554
Clearwire Corp. Class A (a)(c) .....	5,717,958	41,626,734
NII Holdings, Inc. (a) .....	984,734	32,023,550
Sprint Nextel Corp. (a) .....	10,059,750	42,653,340
		<u>256,133,178</u>
TOTAL TELECOMMUNICATION SERVICES .....		<u>491,280,983</u>
<b>UTILITIES – 3.7%</b>		
<b>Electric Utilities – 1.8%</b>		
American Electric Power Co., Inc. ...	1,840,200	59,438,460
Entergy Corp. ....	991,153	70,986,378
FirstEnergy Corp. ....	276,500	9,741,095

See accompanying notes which are an integral part of the financial statements.

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>UTILITIES – continued</b>		
<b>Electric Utilities – continued</b>		
NextEra Energy, Inc. ....	2,123,110	\$ 103,522,844
PPL Corp. ....	722,290	18,021,136
		<u>261,709,913</u>
<b>Independent Power Producers &amp; Energy Traders – 0.1%</b>		
AES Corp. (a) ....	1,124,044	10,386,167
<b>Multi-Utilities – 1.8%</b>		
CMS Energy Corp. ....	2,468,650	36,165,723
PG&E Corp. ....	2,035,100	83,642,610
Public Service Enterprise Group, Inc. ....	2,013,062	63,069,232
Sempra Energy ....	1,447,177	67,713,412
TECO Energy, Inc. ....	1,502,883	22,648,447
		<u>273,239,424</u>
TOTAL UTILITIES .....		<u>545,335,504</u>
<b>TOTAL COMMON STOCKS</b>		
(Cost \$14,893,112,082) .....		<u>14,706,468,390</u>

### Preferred Stocks – 0.1%

#### Convertible Preferred Stocks – 0.0%

<b>HEALTH CARE – 0.0%</b>		
<b>Life Sciences Tools &amp; Services – 0.0%</b>		
Fluidigm Corp. (a) .....	412,471	<u>2,887,297</u>

#### Nonconvertible Preferred Stocks – 0.1%

<b>CONSUMER DISCRETIONARY – 0.1%</b>		
<b>Automobiles – 0.1%</b>		
Porsche Automobil Holding SE .....	177,700	7,607,951
Volkswagen AG .....	154,786	13,589,934
		<u>21,197,885</u>

<b>TOTAL PREFERRED STOCKS</b>		
(Cost \$31,548,577) .....		<u>24,085,182</u>

### U.S. Treasury Obligations – 0.1%

	Principal Amount	
U.S. Treasury Bills, yield at date of purchase 0.06% to 0.16% 7/8/10 to 8/5/10 (f) (Cost \$10,299,553) .....	\$ 10,300,000	<u>10,299,250</u>

### Money Market Funds – 3.8%

	Shares	Value
Fidelity Cash Central Fund, 0.20% (g) ...	307,492,249	\$ 307,492,249
Fidelity Securities Lending Cash Central Fund, 0.24% (b)(g) .....	265,672,626	<u>265,672,626</u>

<b>TOTAL MONEY MARKET FUNDS</b>		
(Cost \$573,164,875) .....		<u>573,164,875</u>

### Cash Equivalents – 0.0%

	Maturity Amount	
Investments in repurchase agreements in a joint trading account at: 0.02%, dated 6/30/10 due 7/1/10 (Collateralized by U.S. Government Obligations) # ..	\$ 26,000	26,000
0.04%, dated 6/30/10 due 7/1/10 (Collateralized by U.S. Treasury Obligations) # .	2,210,000	<u>2,210,000</u>

<b>TOTAL CASH EQUIVALENTS</b>		
(Cost \$2,236,000) .....		<u>2,236,000</u>

<b>TOTAL INVESTMENT PORTFOLIO – 102.2%</b>		
(Cost \$15,510,361,087) .....		<u>15,316,253,697</u>

<b>NET OTHER ASSETS (LIABILITIES) – (2.2)%</b>		<u>(336,020,138)</u>
<b>NET ASSETS – 100%</b> .....		<u>\$ 14,980,233,559</u>

### Futures Contracts

	Expiration Date	Underlying Face Amount at Value	Unrealized Appreciation/ (Depreciation)
<b>Purchased</b>			
<b>Equity Index Contracts</b>			
2,171 CME E-mini S&P 500 Index Contracts	Sept. 2010	\$ 111,437,430	\$ (6,337,151)

The face value of futures purchased as a percentage of net assets is 0.7%

### Legend

- (a) Non-income producing
- (b) Investment made with cash collateral received from securities on loan.
- (c) Security or a portion of the security is on loan at period end.
- (d) Affiliated company

See accompanying notes which are an integral part of the financial statements.

- (e) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At the end of the period, the value of these securities amounted to \$15,869,100 or 0.1% of net assets.
- (f) Security or a portion of the security was pledged to cover margin requirements for futures contracts. At the period end, the value of securities pledged amounted to \$10,299,250.
- (g) Affiliated fund that is available only to investment companies and other accounts managed by Fidelity Investments. The rate quoted is the annualized seven-day yield of the fund at period end. A complete unaudited listing of the fund's holdings as of its most recent quarter end is available upon request.
- (h) Restricted securities – Investment in securities not registered under the Securities Act of 1933 (excluding 144A issues). At the end of the period, the value of restricted securities (excluding 144A issues) amounted to \$4,312,125 or 0.0% of net assets.

Additional information on each holding is as follows:

Security	Acquisition Date	Acquisition Cost
The Weinstein Co. II Holdings, LLC Class A-1	10/19/05	\$ 11,499,000

# Additional information on each counterparty to the repurchase agreement is as follows:

Repurchase Agreement / Counterparty	Value
<b>\$26,000 due 7/01/10 at 0.02%</b>	
BNP Paribas Securities Corp. ....	\$ 3,727
Bank of America, NA .....	5,514
Barclays Capital, Inc. ....	7,709
Credit Agricole Securities (USA) Inc. ....	5,514
Mizuho Securities USA, Inc. ....	1,838
RBC Capital Markets Corp. ....	1,698
	<u>\$ 26,000</u>
<b>\$2,210,000 due 7/01/10 at 0.04%</b>	
BNP Paribas Securities Corp. ....	\$ 1,039,810
Banc of America Securities LLC .....	395,864
Barclays Capital, Inc. ....	553,090
Morgan Stanley & Co., Inc. ....	221,236
	<u>\$ 2,210,000</u>

## Affiliated Central Funds

Information regarding fiscal year to date income earned by the Fund from investments in Fidelity Central Funds is as follows:

Fund	Income earned
Fidelity Cash Central Fund	\$ 297,427
Fidelity Securities Lending Cash Central Fund	1,178,055
Total	<u>\$ 1,475,482</u>

See accompanying notes which are an integral part of the financial statements.

## Investments (Unaudited) – continued

### Other Affiliated Issuers

An affiliated company is a company in which the fund has ownership of at least 5% of the voting securities. Fiscal year to date transactions with companies which are or were affiliates are as follows:

Affiliate	Value, beginning of period	Purchases	Sales Proceeds	Dividend Income	Value, end of period
ATMI, Inc.	\$31,994,169	\$4,437,195	\$ 4,423,795	\$ —	\$24,695,821
Brooks Automation, Inc.	29,493,235	—	—	—	26,571,411
Sycamore Networks, Inc.	31,844,550	—	28,017,008	—	—
Total	<u>\$93,331,954</u>	<u>\$4,437,195</u>	<u>\$ 32,440,803</u>	<u>\$ —</u>	<u>\$51,267,232</u>

### Other Information

The following is a summary of the inputs used, as of June 30, 2010, involving the Fund's assets and liabilities carried at value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the tables below, please refer to the Security Valuation section in the accompanying Notes to Financial Statements.

#### Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
<b>Investments in Securities:</b>				
<b>Equities:</b>				
Consumer Discretionary	\$ 1,478,869,578	\$ 1,375,165,314	\$ 99,392,139	\$ 4,312,125
Consumer Staples	1,630,640,086	1,547,046,711	83,593,375	—
Energy	1,577,437,006	1,492,703,508	84,733,498	—
Financials	2,332,537,089	2,243,137,505	73,530,484	15,869,100
Health Care	1,717,123,459	1,656,812,531	57,422,765	2,888,163
Industrials	1,712,041,297	1,685,578,469	26,462,828	—
Information Technology	2,761,120,794	2,529,350,785	231,770,009	—
Materials	484,167,776	443,923,441	40,244,335	—
Telecommunication Services	491,280,983	491,280,983	—	—
Utilities	545,335,504	545,335,504	—	—
U.S. Government and Government Agency Obligations	10,299,250	—	10,299,250	—
Money Market Funds	573,164,875	573,164,875	—	—
Cash Equivalents	2,236,000	—	2,236,000	—
<b>Total Investments in Securities:</b>	<u>\$ 15,316,253,697</u>	<u>\$ 14,583,499,626</u>	<u>\$709,684,683</u>	<u>\$ 23,069,388</u>
<b>Derivative Instruments:</b>				
<b>Liabilities</b>				
Futures Contracts	<u>\$ (6,337,151)</u>	<u>\$ (6,337,151)</u>	<u>\$ —</u>	<u>\$ —</u>

The following is a reconciliation of Investments in Securities for which Level 3 inputs were used in determining value:

<b>Investments in Securities:</b>	
Beginning Balance	\$ 23,678,872
Total Realized Gain (Loss)	—
Total Unrealized Gain (Loss)	(609,484)
Cost of Purchases	—
Proceeds of Sales	—
Amortization/Accretion	—
Transfers in to Level 3	—
Transfers out of Level 3	—
Ending Balance	<u>\$ 23,069,388</u>
The change in unrealized gain (loss) for the period attributable to Level 3 securities held at June 30, 2010	\$ (609,484)

The information used in the above reconciliation represents fiscal year to date activity for any Investments in Securities identified as using Level 3 inputs at either the beginning or the end of the current fiscal period. Transfers in or out of Level 3 represent the beginning value of any Security or Instrument where a change in the pricing level occurred from the beginning to the end of the period. The cost of purchases and the proceeds of sales may include securities received or delivered through corporate actions or exchanges. Realized and unrealized gains (losses) disclosed in the reconciliation are included in Net Gain (Loss) on the Fund's Statement of Operations.

See accompanying notes which are an integral part of the financial statements.

## Value of Derivative Instruments

The following table is a summary of the Fund's value of derivative instruments by risk exposure as of June 30, 2010. For additional information on derivative instruments, please refer to the Derivative Instruments section in the accompanying Notes to Financial Statements.

Risk Exposure / Derivative Type	Value	
	Asset	Liability
<b>Equity Risk</b>		
Futures Contracts (a)	\$ —	\$ (6,337,151)
Total Value of Derivatives	<u>\$ —</u>	<u>\$ (6,337,151)</u>

(a) Reflects cumulative appreciation/(depreciation) on futures contracts as disclosed on the Schedule of Investments. Only the period end variation margin is separately disclosed on the Statement of Assets and Liabilities.

Distribution of investments by country of issue, as a percentage of total net assets, is as follows: (Unaudited)

United States of America . . . . .	86.3%
United Kingdom . . . . .	2.3%
Netherlands . . . . .	1.8%
Canada . . . . .	1.4%
Switzerland . . . . .	1.1%
Others (Individually Less Than 1%) . . . . .	7.1%
	<u>100.0%</u>

## Income Tax Information

At December 31, 2009, the Fund had a capital loss carryforward of approximately \$5,069,635,430 of which \$2,732,126,551 and \$2,337,508,879 will expire on December 31, 2016 and 2017, respectively. Capital loss carryforwards are only available to offset future capital gains of the Fund to the extent provided by regulations and may be limited.

The Fund intends to elect to defer to its fiscal year ending December 31, 2010 approximately \$123,297,333 of losses recognized during the period November 1, 2009 to December 31, 2009.

# Financial Statements

## Statement of Assets and Liabilities

June 30, 2010 (Unaudited)

### Assets

Investment in securities, at value (including securities loaned of \$256,377,484 and repurchase agreements of \$2,236,000) — See accompanying schedule:		
Unaffiliated issuers (cost \$14,888,269,260)	\$ 14,691,821,590	
Fidelity Central Funds (cost \$573,164,875)	573,164,875	
Other affiliated issuers (cost \$48,926,952)	51,267,232	
Total Investments (cost \$15,510,361,087)		\$15,316,253,697
Foreign currency held at value (cost \$503,774)	503,774	
Receivable for investments sold	123,658,178	
Receivable for fund shares sold	11,170,146	
Dividends receivable	15,378,362	
Distributions receivable from Fidelity Central Funds	342,477	
Other receivables	837,861	
<b>Total assets</b>		<u>15,468,144,495</u>

### Liabilities

Payable to custodian bank	\$ 1,850,369	
Payable for investments purchased	196,640,206	
Payable for fund shares redeemed	11,694,797	
Accrued management fee	7,394,465	
Distribution fees payable	1,555,899	
Payable for daily variation on futures contracts	944,412	
Other affiliated payables	1,031,997	
Other payables and accrued expenses	1,126,165	
Collateral on securities loaned, at value	265,672,626	
<b>Total liabilities</b>		<u>487,910,936</u>

<b>Net Assets</b>		<u>\$ 14,980,233,559</u>
Net Assets consist of:		
Paid in capital	\$20,117,689,504	
Undistributed net investment income	64,907,885	
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions	(5,001,977,933)	
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies	(200,385,897)	
<b>Net Assets</b>		<u>\$ 14,980,233,559</u>

## Statement of Assets and Liabilities – continued

June 30, 2010 (Unaudited)

### Initial Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$6,542,943,134 ÷ 339,973,483 shares)		<u>\$ 19.25</u>
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### Service Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$1,567,360,198 ÷ 81,776,143 shares)		<u>\$ 19.17</u>
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### Service Class 2:

<b>Net Asset Value</b> , offering price and redemption price per share (\$6,418,247,576 ÷ 339,406,010 shares)		<u>\$ 18.91</u>
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### Service Class 2R:

<b>Net Asset Value</b> , offering price and redemption price per share (\$9,677,769 ÷ 513,013 shares)		<u>\$ 18.86</u>
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### Investor Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$442,004,882 ÷ 23,048,457 shares)		<u>\$ 19.18</u>
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See accompanying notes which are an integral part of the financial statements.

## Statement of Operations

Six months ended June 30, 2010 (Unaudited)

<b>Investment Income</b>		
Dividends		\$ 132,234,650
Interest		7,210
Income from Fidelity Central Funds		1,475,482
<b>Total income</b>		<u>133,717,342</u>
<b>Expenses</b>		
Management fee	\$ 47,485,429	
Transfer agent fees	5,959,357	
Distribution fees	10,212,487	
Accounting and security lending fees	820,037	
Custodian fees and expenses	497,379	
Independent trustees' compensation	47,845	
Depreciation in deferred trustee compensation account	(2)	
Audit	57,249	
Legal	28,004	
Miscellaneous	757,190	
Total expenses before reductions	65,864,975	
Expense reductions	(1,285,316)	64,579,659
<b>Net investment income (loss)</b>		<u>69,137,683</u>
<b>Realized and Unrealized Gain (Loss)</b>		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers	561,777,239	
Other affiliated issuers	(27,947,520)	
Foreign currency transactions	314,277	
Futures contracts	(23,351,570)	
Total net realized gain (loss)		510,792,426
Change in net unrealized appreciation (depreciation) on:		
Investment securities	(1,644,564,348)	
Assets and liabilities in foreign currencies	43,524	
Futures contracts	(6,998,430)	
Total change in net unrealized appreciation (depreciation)		(1,651,519,254)
<b>Net gain (loss)</b>		<u>(1,140,726,828)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>		<u>\$(1,071,589,145)</u>

## Statement of Changes in Net Assets

	Six months ended June 30, 2010 (Unaudited)	Year ended December 31, 2009
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income (loss)	\$ 69,137,683	\$ 182,048,095
Net realized gain (loss)	510,792,426	(1,211,829,520)
Change in net unrealized appreciation (depreciation)	(1,651,519,254)	5,676,838,088
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>(1,071,589,145)</u>	<u>4,647,056,663</u>
Distributions to shareholders from net investment income	(8,326,965)	(191,893,175)
Distributions to shareholders from net realized gain	—	(4,181,790)
<b>Total distributions</b>	<u>(8,326,965)</u>	<u>(196,074,965)</u>
Share transactions – net increase (decrease)	(1,178,396,533)	(1,477,532,238)
Redemption fees	922	784
<b>Total increase (decrease) in net assets</b>	<u>(2,258,311,721)</u>	<u>2,973,450,244</u>
<b>Net Assets</b>		
Beginning of period	17,238,545,280	14,265,095,036
End of period (including undistributed net investment income of \$64,907,885 and undistributed net investment income of \$4,097,167, respectively)	<u>\$ 14,980,233,559</u>	<u>\$ 17,238,545,280</u>

See accompanying notes which are an integral part of the financial statements.

## Financial Highlights – Initial Class

	Six months ended	Years ended December 31,				
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 20.62	\$ 15.39	\$ 27.90	\$ 31.47	\$ 31.03	\$ 26.62
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.10	.23	.24	.34	.27	.18
Net realized and unrealized gain (loss)	(1.46)	5.26	(11.87)	5.17	3.30	4.32
Total from investment operations	(1.36)	5.49	(11.63)	5.51	3.57	4.50
Distributions from net investment income	(.01)	(.25)	(.23)	(.33)	(.42)	(.08)
Distributions from net realized gain	—	(.01)	(.65)	(8.75)	(2.71)	(.01)
Total distributions	(.01)	(.26) <sup>K</sup>	(.88)	(9.08)	(3.13)	(.09) <sup>L</sup>
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 19.25	\$ 20.62	\$ 15.39	\$ 27.90	\$ 31.47	\$ 31.03
<b>Total Return<sup>B,C,D</sup></b>	(6.60)%	35.71%	(42.51)%	17.59%	11.72%	16.94%
<b>Ratios to Average Net Assets<sup>F,H</sup></b>						
Expenses before reductions	.65% <sup>A</sup>	.67%	.66%	.65%	.66%	.66%
Expenses net of fee waivers, if any	.65% <sup>A</sup>	.67%	.66%	.65%	.66%	.66%
Expenses net of all reductions	.64% <sup>A</sup>	.65%	.65%	.64%	.65%	.64%
Net investment income (loss)	.94% <sup>A</sup>	1.33%	1.07%	1.00%	.85%	.66%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$6,542,943	\$7,405,228	\$6,240,871	\$12,371,009	\$11,595,588	\$11,099,527
Portfolio turnover rate <sup>G</sup>	121% <sup>A</sup>	145%	172%	134%	75%	60%

<sup>A</sup>Annualized. <sup>B</sup>Total returns for periods of less than one year are not annualized. <sup>C</sup>Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup>Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup>Calculated based on average shares outstanding during the period. <sup>F</sup>Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup>Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup>Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup>Amount represents less than \$.01 per share. <sup>J</sup>Total distributions of \$.09 per share is comprised of distributions from net investment income of \$.080 and distributions from net realized gain of \$.005 per share. <sup>K</sup>Total distributions of \$.26 per share is comprised of distributions from net investment income of \$.250 and distributions from net realized gain of \$.005 per share.

## Financial Highlights – Service Class

	Six months ended	Years ended December 31,				
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 20.55	\$ 15.33	\$ 27.80	\$ 31.38	\$ 30.93	\$ 26.53
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.09	.21	.21	.30	.24	.16
Net realized and unrealized gain (loss)	(1.46)	5.25	(11.83)	5.16	3.28	4.30
Total from investment operations	(1.37)	5.46	(11.62)	5.46	3.52	4.46
Distributions from net investment income	(.01)	(.23)	(.20)	(.29)	(.36)	(.06)
Distributions from net realized gain	—	(.01)	(.65)	(8.75)	(2.71)	(.01)
Total distributions	(.01)	(.24) <sup>K</sup>	(.85)	(9.04)	(3.07)	(.06) <sup>L</sup>
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 19.17	\$ 20.55	\$ 15.33	\$ 27.80	\$ 31.38	\$ 30.93
<b>Total Return<sup>B,C,D</sup></b>	(6.67)%	35.66%	(42.61)%	17.51%	11.59%	16.85%
<b>Ratios to Average Net Assets<sup>F,H</sup></b>						
Expenses before reductions	.75% <sup>A</sup>	.77%	.76%	.75%	.76%	.76%
Expenses net of fee waivers, if any	.75% <sup>A</sup>	.77%	.76%	.75%	.76%	.76%
Expenses net of all reductions	.74% <sup>A</sup>	.75%	.75%	.74%	.75%	.74%
Net investment income (loss)	.84% <sup>A</sup>	1.23%	.97%	.90%	.75%	.56%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$1,567,360	\$1,784,820	\$1,497,734	\$3,008,644	\$2,766,343	\$2,503,244
Portfolio turnover rate <sup>G</sup>	121% <sup>A</sup>	145%	172%	134%	75%	60%

<sup>A</sup>Annualized. <sup>B</sup>Total returns for periods of less than one year are not annualized. <sup>C</sup>Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup>Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup>Calculated based on average shares outstanding during the period. <sup>F</sup>Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup>Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup>Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup>Amount represents less than \$.01 per share. <sup>J</sup>Total distributions of \$.06 per share is comprised of distributions from net investment income of \$.055 and distributions from net realized gain of \$.005 per share. <sup>K</sup>Total distributions of \$.24 per share is comprised of distributions from net investment income of \$.232 and distributions from net realized gain of \$.005 per share.

See accompanying notes which are an integral part of the financial statements.

## Financial Highlights — Service Class 2

	Six months ended	Years ended December 31,				
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 20.29	\$ 15.14	\$ 27.46	\$ 31.11	\$ 30.69	\$ 26.35
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.07	.18	.18	.25	.19	.11
Net realized and unrealized gain (loss)	(1.44)	5.18	(11.67)	5.11	3.26	4.27
Total from investment operations	(1.37)	5.36	(11.49)	5.36	3.45	4.38
Distributions from net investment income	(.01)	(.21)	(.18)	(.26)	(.32)	(.04)
Distributions from net realized gain	—	(.01)	(.65)	(8.75)	(2.71)	(.01)
Total distributions	(.01)	(.21) <sup>K</sup>	(.83)	(9.01)	(3.03)	(.04) <sup>J</sup>
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 18.91	\$ 20.29	\$ 15.14	\$ 27.46	\$ 31.11	\$ 30.69
<b>Total Return<sup>B,C,D</sup></b>	(6.75)%	35.47%	(42.69)%	17.30%	11.43%	16.65%
<b>Ratios to Average Net Assets<sup>F,H</sup></b>						
Expenses before reductions	.90% <sup>A</sup>	.92%	.91%	.90%	.91%	.91%
Expenses net of fee waivers, if any	.90% <sup>A</sup>	.92%	.91%	.90%	.91%	.91%
Expenses net of all reductions	.89% <sup>A</sup>	.90%	.90%	.89%	.90%	.89%
Net investment income (loss)	.69% <sup>A</sup>	1.08%	.82%	.75%	.60%	.40%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$6,418,248	\$7,577,737	\$6,187,985	\$9,339,663	\$6,185,595	\$3,247,909
Portfolio turnover rate <sup>G</sup>	121% <sup>A</sup>	145%	172%	134%	75%	60%

<sup>A</sup>Annualized. <sup>B</sup>Total returns for periods of less than one year are not annualized. <sup>C</sup>Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup>Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup>Calculated based on average shares outstanding during the period. <sup>F</sup>Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup>Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup>Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed or waived by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements, waivers or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement and waivers by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup>Amount represents less than \$.01 per share. <sup>J</sup>Total distributions of \$.04 per share is comprised of distributions from net investment income of \$.035 and distributions from net realized gain of \$.005 per share. <sup>K</sup>Total distributions of \$.21 per share is comprised of distributions from net investment income of \$.205 and distributions from net realized gain of \$.005 per share.

## Financial Highlights — Service Class 2R

	Six months ended	Years ended December 31,				
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 20.24	\$ 15.10	\$ 27.35	\$ 31.02	\$ 30.61	\$ 26.29
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.07	.18	.18	.25	.19	.11
Net realized and unrealized gain (loss)	(1.44)	5.17	(11.62)	5.09	3.25	4.27
Total from investment operations	(1.37)	5.35	(11.44)	5.34	3.44	4.38
Distributions from net investment income	(.01)	(.20)	(.16)	(.26)	(.32)	(.05)
Distributions from net realized gain	—	(.01)	(.65)	(8.75)	(2.71)	(.01)
Total distributions	(.01)	(.21) <sup>K</sup>	(.81)	(9.01)	(3.03)	(.06) <sup>J</sup>
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 18.86	\$ 20.24	\$ 15.10	\$ 27.35	\$ 31.02	\$ 30.61
<b>Total Return<sup>B,C,D</sup></b>	(6.77)%	35.46%	(42.69)%	17.30%	11.43%	16.67%
<b>Ratios to Average Net Assets<sup>F,H</sup></b>						
Expenses before reductions	.90% <sup>A</sup>	.92%	.91%	.90%	.91%	.91%
Expenses net of fee waivers, if any	.90% <sup>A</sup>	.92%	.91%	.90%	.91%	.91%
Expenses net of all reductions	.89% <sup>A</sup>	.90%	.90%	.89%	.90%	.89%
Net investment income (loss)	.69% <sup>A</sup>	1.08%	.82%	.75%	.60%	.39%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 9,678	\$ 13,285	\$ 13,585	\$ 35,606	\$ 26,707	\$ 19,596
Portfolio turnover rate <sup>G</sup>	121% <sup>A</sup>	145%	172%	134%	75%	60%

<sup>A</sup>Annualized. <sup>B</sup>Total returns for periods of less than one year are not annualized. <sup>C</sup>Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup>Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup>Calculated based on average shares outstanding during the period. <sup>F</sup>Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup>Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup>Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed or waived by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements, waivers or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement and waivers by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup>Amount represents less than \$.01 per share. <sup>J</sup>Total distributions of \$.06 per share is comprised of distributions from net investment income of \$.050 and distributions from net realized gain of \$.005 per share. <sup>K</sup>Total distributions of \$.21 per share is comprised of distributions from net investment income of \$.200 and distributions from net realized gain of \$.005 per share.

See accompanying notes which are an integral part of the financial statements.

## Financial Highlights — Investor Class

	Six months ended		Years ended December 31,			
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005 <sup>H</sup>
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 20.56	\$ 15.34	\$ 27.82	\$ 31.41	\$ 31.00	\$ 28.34
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.09	.21	.21	.30	.23	.06
Net realized and unrealized gain (loss)	(1.46)	5.25	(11.83)	5.16	3.30	2.60
Total from investment operations	(1.37)	5.46	(11.62)	5.46	3.53	2.66
Distributions from net investment income	(.01)	(.24)	(.21)	(.30)	(.41)	—
Distributions from net realized gain	—	(.01)	(.65)	(8.75)	(2.71)	—
Total distributions	(.01)	(.24) <sup>K</sup>	(.86)	(9.05)	(3.12)	—
Redemption fees added to paid in capital <sup>E,J</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 19.18	\$ 20.56	\$ 15.34	\$ 27.82	\$ 31.41	\$ 31.00
<b>Total Return</b> <sup>B,C,D</sup>	(6.66)%	35.66%	(42.60)%	17.47%	11.60%	9.39%
<b>Ratios to Average Net Assets</b> <sup>F,I</sup>						
Expenses before reductions	.74% <sup>A</sup>	.77%	.75%	.76%	.78%	.83% <sup>A</sup>
Expenses net of fee waivers, if any	.74% <sup>A</sup>	.77%	.75%	.76%	.78%	.83% <sup>A</sup>
Expenses net of all reductions	.72% <sup>A</sup>	.75%	.74%	.75%	.78%	.81% <sup>A</sup>
Net investment income (loss)	.85% <sup>A</sup>	1.23%	.98%	.89%	.73%	.43% <sup>A</sup>
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 442,005	\$ 457,476	\$ 324,919	\$ 532,268	\$ 315,995	\$ 88,673
Portfolio turnover rate <sup>G</sup>	121% <sup>A</sup>	145%	172%	134%	75%	60%

<sup>A</sup>Annualized. <sup>B</sup>Total returns for periods of less than one year are not annualized. <sup>C</sup>Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup>Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup>Calculated based on average shares outstanding during the period. <sup>F</sup>Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup>Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup>For the period July 21, 2005 (commencement of sale of shares) to December 31, 2005. <sup>I</sup>Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed or waived by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements, waivers or reductions occur. Expense ratios before reductions for start-up periods may not be representative of longer-term operating periods. Expenses net of fee waivers reflect expenses after reimbursement and waivers by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>J</sup>Amount represents less than \$.01 per share. <sup>K</sup>Total distributions of \$.24 per share is comprised of distributions from net investment income of \$.235 and distributions from net realized gain of \$.005 per share.

See accompanying notes which are an integral part of the financial statements.

# Notes to Financial Statements

For the period ended June 30, 2010 (Unaudited)

## 1. Organization.

VIP Contrafund Portfolio (the Fund) is a fund of Variable Insurance Products Fund II (the Trust) and is authorized to issue an unlimited number of shares. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust. Shares of the Fund may only be purchased by insurance companies for the purpose of funding variable annuity or variable life insurance contracts. The Fund offers the following classes of shares: Initial Class shares, Service Class shares, Service Class 2 shares, Service Class 2R shares and Investor Class shares. All classes have equal rights and voting privileges, except for matters affecting a single class. Investment income, realized and unrealized capital gains and losses, the common expenses of the Fund, and certain fund-level expense reductions, if any, are allocated on a pro-rata basis to each class based on the relative net assets of each class to the total net assets of the Fund. Each class differs with respect to transfer agent and distribution and service plan fees incurred. Certain expense reductions also differ by class.

## 2. Investments in Fidelity Central Funds.

The Fund may invest in Fidelity Central Funds, which are open-end investment companies available only to other investment companies and accounts managed by Fidelity Management & Research Company (FMR) and its affiliates. The Fund's Schedule of Investments lists each of the Fidelity Central Funds held as of period end, if any, as an investment of the Fund, but does not include the underlying holdings of each Fidelity Central Fund. As an Investing Fund, the Fund indirectly bears its proportionate share of the expenses of the underlying Fidelity Central Funds.

The Money Market Central Funds seek preservation of capital and current income and are managed by Fidelity Investments Money Management, Inc. (FIMM), an affiliate of FMR.

A complete unaudited list of holdings for each Fidelity Central Fund is available upon request or at the Securities and Exchange Commission (the SEC) web site at [www.sec.gov](http://www.sec.gov). In addition, the financial statements of the Fidelity Central Funds are available on the SEC web site or upon request.

## 3. Significant Accounting Policies.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

**Security Valuation.** Investments are valued as of 4:00 p.m. Eastern time on the last calendar day of the period. The Fund uses independent pricing services approved by the Board of Trustees to value its investments. When current market prices or quotations are not readily available or reliable, valuations may be determined in good faith in accordance with procedures adopted by the Board of Trustees. Factors used in determining value may include market or security specific events. The frequency with which these procedures are used cannot be predicted and they may be utilized to a significant extent. The value used for net asset value (NAV) calculation under these procedures may differ from published prices for the same securities.

The Fund categorizes the inputs to valuation techniques used to value its investments into a disclosure hierarchy consisting of three levels as shown below.

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, etc.)

Level 3 – unobservable inputs (including the fund's own assumptions based on the best information available)

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The aggregate value of investments by input level, as of June 30, 2010, as well as a roll forward of Level 3 securities, is included at the end of the Fund's Schedule of Investments. Valuation techniques used to value the Fund's investments by major category are as follows.

Equity securities, including restricted securities, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are generally categorized as Level 2 in the hierarchy. For foreign equity securities, when significant market or security specific events arise, comparisons to the valuation of American Depositary Receipts (ADRs), futures contracts, Exchange-traded funds (ETFs) and certain indexes as well as quoted prices for similar securities are used and are categorized as Level 2 in the hierarchy in these circumstances. Utilizing these techniques may result in transfers between Level 1 and Level 2. For restricted equity securities and private placements where observable inputs are limited, assumptions about market activity and risk are used and are categorized as Level 3 in the hierarchy.

## Notes to Financial Statements (Unaudited) – continued

### 3. Significant Accounting Policies – continued

#### Security Valuation – continued

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded and are categorized as Level 1 in the hierarchy. Investments in open-end mutual funds, including the Fidelity Central Funds, are valued at their closing net asset value each business day and are categorized as Level 1 in the hierarchy. Short-term securities with remaining maturities of sixty days or less for which quotations are not readily available are valued at amortized cost, which approximates value and are categorized as Level 2 in the hierarchy.

**Foreign Currency.** The Fund uses foreign currency contracts to facilitate transactions in foreign-denominated securities. Gains and losses from these transactions may arise from changes in the value of the foreign currency or if the counterparties do not perform under the contracts' terms.

Foreign-denominated assets, including investment securities, and liabilities are translated into U.S. dollars at the exchange rate at period end. Purchases and sales of investment securities, income and dividends received and expenses denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date.

The effects of exchange rate fluctuations on investments are included with the net realized and unrealized gain (loss) on investment securities. Other foreign currency transactions resulting in realized and unrealized gain (loss) are disclosed separately.

**Investment Transactions and Income.** For financial reporting purposes, the Fund's investment holdings and NAV include trades executed through the end of the last business day of the period. The NAV per share for processing shareholder transactions is calculated as of the close of business of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern time and includes trades executed through the end of the prior business day. Gains and losses on securities sold are determined on the basis of identified cost and may include proceeds received from litigation. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Distributions received on securities that represent a return of capital or capital gain are recorded as a reduction of cost of investments and/or as a realized gain. The Fund estimates the components of distributions received that may be considered return of capital distributions or capital gain distributions. Interest income and distributions from the Fidelity Central Funds are accrued as earned. Interest income includes coupon interest and amortization of premium and accretion of discount on debt securities. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain.

**Expenses.** Most expenses of the Trust can be directly attributed to a fund. Expenses which cannot be directly attributed are apportioned amongst each fund in the Trust. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known.

**Deferred Trustee Compensation.** Under a Deferred Compensation Plan (the Plan), independent Trustees may elect to defer receipt of a portion of their annual compensation. Deferred amounts are invested in a cross-section of Fidelity funds, are marked-to-market and remain in the Fund until distributed in accordance with the Plan. The investment of deferred amounts and the offsetting payable to the Trustees are included in the accompanying Statement of Assets and Liabilities.

**Income Tax Information and Distributions to Shareholders.** Each year, the Fund intends to qualify as a regulated investment company by distributing substantially all of its taxable income and realized gains under Subchapter M of the Internal Revenue Code and filing its U.S. federal tax return. As a result, no provision for income taxes is required. A fund's federal tax return is subject to examination by the Internal Revenue Service (IRS) for a period of three years. Foreign taxes are provided for based on the Fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests.

Distributions are recorded on the ex-dividend date. Income dividends and capital gain distributions are declared separately for each class. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

Capital accounts within the financial statements are adjusted for permanent book-tax differences. These adjustments have no impact on net assets or the results of operations. Temporary book-tax differences will reverse in a subsequent period.

Book-tax differences are primarily due to the short-term gain distributions from the Fidelity Central Funds, futures transactions, foreign currency transactions, passive foreign investment companies (PFIC), market discount, partnerships, deferred trustees compensation, capital loss carryforwards and losses deferred due to wash sales and excise tax regulations.

The federal tax cost of investment securities and unrealized appreciation (depreciation) as of period end were as follows:

Gross unrealized appreciation	\$ 1,520,627,234
Gross unrealized depreciation	(1,980,115,223)
Net unrealized appreciation (depreciation)	\$ (459,487,989)
Tax cost	\$ 15,775,741,686

### 3. Significant Accounting Policies – continued

**Trading (Redemption) Fees.** Service Class 2 R shares held less than 60 days are subject to a redemption fee equal to 1% of the proceeds of the redeemed shares. All redemption fees, including any estimated redemption fees paid by FMR, are retained by the Fund and accounted for as an addition to paid in capital.

### 4. Operating Policies.

**Repurchase Agreements.** FMR has received an Exemptive Order from the SEC which permits the Fund and other affiliated entities of FMR to transfer uninvested cash balances into joint trading accounts which are then invested in repurchase agreements. The Fund may also invest directly with institutions in repurchase agreements. Repurchase agreements are collateralized by government or non-government securities. Upon settlement date, collateral is held in segregated accounts with custodian banks and may be obtained in the event of a default of the counterparty. The Fund monitors, on a daily basis, the value of the collateral to ensure it is at least equal to the principal amount of the repurchase agreement (including accrued interest). In the event of a default by the counterparty, realization of the collateral proceeds could be delayed, during which time the value of the collateral may decline.

**Restricted Securities.** The Fund may invest in securities that are subject to legal or contractual restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time-consuming negotiations and expense, and prompt sale at an acceptable price may be difficult. Information regarding restricted securities is included at the end of the Fund's Schedule of Investments.

### 5. Derivative Instruments.

**Risk Exposures and the Use of Derivative Instruments.** The Fund uses derivative instruments (derivatives), including futures contracts in order to meet its investment objectives. The strategy is to use derivatives to increase returns, to gain exposure to certain types of assets and to manage exposure to certain risks as defined below. The success of any strategy involving derivatives depends on analysis of numerous economic factors, and if the strategies for investment do not work as intended, the Fund may not achieve its objectives.

The Fund's use of derivatives may increase or decrease its exposure to the following risk:

**Equity Risk**      Equity risk relates to the fluctuations in the value of financial instruments as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

The Fund is also exposed to additional risks from investing in derivatives, such as liquidity risk and counterparty credit risk. Liquidity risk is the risk that the Fund will be unable to sell the derivative in the open market in a timely manner. Counterparty credit risk is the risk that the counterparty will not be able to fulfill its obligation to the Fund. The Fund's maximum risk of loss from counterparty credit risk is generally the aggregate unrealized appreciation and unpaid counterparty fees in excess of any collateral pledged by the counterparty to the Fund. Counterparty risk related to exchange-traded futures contracts is minimal because of the protection provided by the exchange on which they trade. Risk of loss may exceed the amounts recognized in the Statement of Assets and Liabilities.

**Net Realized Gain (Loss) and Change in Net Unrealized Appreciation (Depreciation) on Derivatives.** The table below, which reflects the impacts of derivatives on the financial performance of the Fund, summarizes the net realized gain (loss) and change in net unrealized appreciation (depreciation) for derivatives during the period.

Risk Exposure / Derivative Type	Net Realized Gain (Loss)	Change in Net Unrealized Appreciation (Depreciation)
<b>Equity Risk</b>		
Futures Contracts .....	\$ (23,351,570)	\$ (6,998,430)
Totals (a) .....	<u>\$ (23,351,570)</u>	<u>\$ (6,998,430)</u>

(a) A summary of the value of derivatives by risk exposure as of period end, if any, is included at the end of the Schedule of Investments and is representative of activity for the period.

**Futures Contracts.** A futures contract is an agreement between two parties to buy or sell a specified underlying instrument for a fixed price at a specified future date. The Fund uses futures contracts to manage its exposure to the stock market.

Upon entering into a futures contract, a fund is required to deposit either cash or securities (initial margin) with a clearing broker in an amount equal to a certain percentage of the face value of the contract. Futures contracts are marked-to-market daily and subsequent payments (variation margin) are made or received by a fund depending on the daily fluctuations in the value of the futures contracts and are recorded as unrealized appreciation or (depreciation). Realized gain or (loss) is recorded upon the expiration or closing of a futures contract.

## Notes to Financial Statements (Unaudited) – continued

### 5. Derivative Instruments – continued

#### Futures Contracts – continued

The underlying face amount at value of open futures contracts at period end, if any, is shown in the Schedule of Investments under the caption “Futures Contracts.” This amount reflects each contract’s exposure to the underlying instrument at period end and is representative of activity for the period. Securities deposited to meet initial margin requirements are identified in the Schedule of Investments. The receivable and/or payable for the variation margin are reflected in the Statement of Assets and Liabilities.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid market may limit the ability to close out a futures contract prior to settlement date.

During the period the Fund recognized net realized gain (loss) of \$(23,351,570) and a change in net unrealized appreciation (depreciation) of \$(6,998,430) related to its investment in futures contracts. These amounts are included in the Statement of Operations.

### 6. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$9,919,287,158 and \$11,093,984,779, respectively.

### 7. Fees and Other Transactions with Affiliates.

**Management Fee.** FMR and its affiliates provide the Fund with investment management related services for which the Fund pays a monthly management fee. The management fee is the sum of an individual fund fee rate that is based on an annual rate of .30% of the Fund’s average net assets and a group fee rate that averaged .26% during the period. The group fee rate is based upon the average net assets of all the mutual funds advised by FMR. The group fee rate decreases as assets under management increase and increases as assets under management decrease. For the period, the total annualized management fee rate was .56% of the Fund’s average net assets.

**Distribution and Service Plan.** In accordance with Rule 12b-1 of the 1940 Act, the Fund has adopted separate 12b-1 Plans for each Service Class of shares. Each Service Class pays Fidelity Distributors Corporation (FDC), an affiliate of FMR, a service fee. For the period, the service fee is based on an annual rate of .10% of Service Class’ average net assets and .25% of Service Class 2’s and Service Class 2R’s average net assets.

For the period, each class paid FDC the following amounts, all of which were re-allowed to insurance companies for the distribution of shares and providing shareholder support services:

Service Class .....	\$	880,061
Service Class 2 .....		9,317,366
Service Class 2 R .....		15,060
	\$	<u>10,212,487</u>

**Transfer Agent Fees.** Fidelity Investments Institutional Operations Company, Inc. (FIIOC), an affiliate of FMR, is the Fund’s transfer, dividend disbursing, and shareholder servicing agent. FIIOC receives an asset-based fee with respect to each class. Each class (with the exception of Investor Class) pays a transfer agent fee, excluding out of pocket expenses, equal to an annual rate of .07% of average net assets. Investor Class pays a monthly asset-based transfer agent fee of .15% of average net assets. The total transfer agent fees paid by each class to FIIOC, including out of pocket expenses, were as follows:

Initial Class .....	\$	2,472,884
Service Class .....		596,661
Service Class 2 .....		2,521,975
Service Class 2R .....		4,060
Investor Class .....		363,777
	\$	<u>5,959,357</u>

**Accounting and Security Lending Fees.** Fidelity Service Company, Inc. (FSC), an affiliate of FMR, maintains the Fund’s accounting records. The accounting fee is based on the level of average net assets for the month. Under a separate contract, FSC administers the security lending program. The security lending fee is based on the number and duration of lending transactions.

**Brokerage Commissions.** The Fund placed a portion of its portfolio transactions with brokerage firms which are affiliates of the investment adviser. The commissions paid to these affiliated firms were \$430,299 for the period.

## 8. Committed Line of Credit.

The Fund participates with other funds managed by FMR in a \$3.75 billion credit facility (the “line of credit”) to be utilized for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity purposes. The Fund has agreed to pay commitment fees on its pro-rata portion of the line of credit, which amounted to \$34,160 and is reflected in Miscellaneous expenses on the Statement of Operations. During the period, there were no borrowings on this line of credit.

## 9. Security Lending.

The Fund lends portfolio securities from time to time in order to earn additional income. On the settlement date of the loan, the Fund receives collateral (in the form of U.S. Treasury obligations, letters of credit and/or cash) against the loaned securities and maintains collateral in an amount not less than 100% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, a fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. Any cash collateral received is invested in the Fidelity Securities Lending Cash Central Fund. The value of loaned securities and cash collateral at period end are disclosed on the Fund’s Statement of Assets and Liabilities. Security lending income represents the income earned on investing cash collateral, less fees and expenses associated with the loan, plus any premium payments that may be received on the loan of certain types of securities. Security lending income is presented in the Statement of Operations as a component of income from Fidelity Central Funds. Net income from lending portfolio securities during the period amounted to \$1,178,055.

## 10. Expense Reductions.

Many of the brokers with whom FMR places trades on behalf of the Fund provided services to the Fund in addition to trade execution. These services included payments of certain expenses on behalf of the Fund totaling \$1,285,214 for the period. In addition, through arrangements with the Fund’s custodian, credits realized as a result of uninvested cash balances were used to reduce the Fund’s expenses. During the period, these credits reduced the Fund’s custody expenses by \$102.

## 11. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2010	Year ended December 31, 2009
<b>From net investment income</b>		
Initial Class	\$ 3,537,496	\$ 89,825,612
Service Class	857,367	20,191,848
Service Class 2	3,702,359	76,591,597
Service Class 2R	5,882	133,806
Investor Class	223,861	5,150,312
Total	<u>\$ 8,326,965</u>	<u>\$ 191,893,175</u>
<b>From net realized gain</b>		
Initial Class	\$ —	\$ 1,784,525
Service Class	—	432,148
Service Class 2	—	1,851,990
Service Class 2R	—	3,263
Investor Class	—	109,864
Total	<u>\$ —</u>	<u>\$ 4,181,790</u>

## Notes to Financial Statements (Unaudited) – continued

### 12. Share Transactions.

Transactions for each class of shares were as follows:

	Shares		Dollars	
	Six months ended June 30, 2010	Year ended December 31, 2009	Six months ended June 30, 2010	Year ended December 31, 2009
<b>Initial Class</b>				
Shares sold .....	6,462,969	14,081,895	\$ 136,807,053	\$ 237,639,561
Reinvestment of distributions .....	181,503	4,636,839	3,537,496	91,610,137
Shares redeemed .....	(25,752,084)	(65,265,249)	(536,748,062)	(1,075,039,384)
Net increase (decrease) .....	<u>(19,107,612)</u>	<u>(46,546,515)</u>	<u>\$ (396,403,513)</u>	<u>\$ (745,789,686)</u>
<b>Service Class</b>				
Shares sold .....	2,434,454	6,280,159	\$ 50,561,769	\$ 104,665,220
Reinvestment of distributions .....	44,149	1,049,443	857,367	20,623,996
Shares redeemed .....	(7,561,690)	(18,151,640)	(157,375,969)	(296,874,025)
Net increase (decrease) .....	<u>(5,083,087)</u>	<u>(10,822,038)</u>	<u>\$ (105,956,833)</u>	<u>\$ (171,584,809)</u>
<b>Service Class 2</b>				
Shares sold .....	14,866,273	57,118,843	\$ 307,126,585	\$ 927,455,049
Reinvestment of distributions .....	193,133	4,056,980	3,702,359	78,443,587
Shares redeemed .....	(49,142,420)	(96,296,164)	(1,001,114,986)	(1,585,826,463)
Net increase (decrease) .....	<u>(34,083,014)</u>	<u>(35,120,341)</u>	<u>\$ (690,286,042)</u>	<u>\$ (579,927,827)</u>
<b>Service Class 2R</b>				
Shares sold .....	77,606	142,133	\$ 1,629,327	\$ 2,366,097
Reinvestment of distributions .....	308	7,152	5,882	137,069
Shares redeemed .....	(221,278)	(392,336)	(4,410,066)	(6,296,651)
Net increase (decrease) .....	<u>(143,364)</u>	<u>(243,051)</u>	<u>\$ (2,774,857)</u>	<u>\$ (3,793,485)</u>
<b>Investor Class</b>				
Shares sold .....	1,710,760	2,899,284	\$ 35,873,053	\$ 50,858,034
Reinvestment of distributions .....	11,521	266,531	223,861	5,260,176
Shares redeemed .....	(926,284)	(2,091,088)	(19,072,202)	(32,554,641)
Net increase (decrease) .....	<u>795,997</u>	<u>1,074,727</u>	<u>\$ 17,024,712</u>	<u>\$ 23,563,569</u>

### 13. Other.

The Fund's organizational documents provide former and current trustees and officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Fund. In the normal course of business, the Fund may also enter into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

At the end of the period, one otherwise unaffiliated issuer was the owner of record of 18% of the total outstanding shares of the fund.







**Investment Adviser**

Fidelity Management & Research Company  
Boston, MA

**Investment Sub-Advisers**

FMR Co., Inc.  
Fidelity Research & Analysis Company  
FIL Investments (Japan) Limited  
FIL Investment Advisors  
FIL Investment Advisors (U.K.) Ltd.  
Fidelity Management & Research (U.K.) Inc.  
Fidelity Management & Research (Hong Kong) Limited  
Fidelity Management & Research (Japan) Inc.

**General Distributor**

Fidelity Distributors Corporation  
Boston, MA

**Transfer and Service Agents**

Fidelity Investments Institutional Operations Company, Inc.  
Boston, MA  
Fidelity Service Company, Inc.  
Boston, MA

**Custodian**

Brown Brothers Harriman & Co.  
Boston, MA