

Fidelity® Variable Insurance Products: Index 500 Portfolio



Semiannual Report
June 30, 2011



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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.

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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>, <http://www.advisor.fidelity.com>, or <http://www.401k.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, 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, 2011 to June 30, 2011).

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.

	Annualized Expense Ratio	Beginning Account Value January 1, 2011	Ending Account Value June 30, 2011	Expenses Paid During Period ^A January 1, 2011 to June 30, 2011
Initial Class	.10%			
Actual		\$ 1,000.00	\$ 1,059.90	\$.51
Hypothetical ^A		\$ 1,000.00	\$ 1,024.30	\$.50
Service Class	.20%			
Actual		\$ 1,000.00	\$ 1,059.40	\$ 1.02
Hypothetical ^A		\$ 1,000.00	\$ 1,023.80	\$ 1.00
Service Class 2	.35%			
Actual		\$ 1,000.00	\$ 1,058.60	\$ 1.79
Hypothetical ^A		\$ 1,000.00	\$ 1,023.06	\$ 1.76

^A 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, 2011

	% of fund's net assets	% of fund's net assets 6 months ago
Exxon Mobil Corp.	3.3	3.2
Apple, Inc.	2.5	2.5
International Business Machines Corp.	1.7	1.6
Chevron Corp.	1.7	1.6
General Electric Co.	1.6	1.7
Microsoft Corp.	1.6	1.8
AT&T, Inc.	1.5	1.5
Johnson & Johnson	1.5	1.5
Procter & Gamble Co.	1.5	1.6
Pfizer, Inc.	1.3	1.2
	<u>18.2</u>	

Market Sectors as of June 30, 2011

	% of fund's net assets	% of fund's net assets 6 months ago
Information Technology	17.6	18.3
Financials	15.0	15.8
Energy	12.6	11.8
Health Care	11.6	10.7
Industrials	11.1	10.8
Consumer Staples	10.5	10.5
Consumer Discretionary	10.5	10.5
Materials	3.6	3.7
Utilities	3.4	3.2
Telecommunication Services	3.1	3.1

Asset Allocation

To match the S&P 500® Index, the VIP Index 500 Portfolio seeks 100% investment exposure to stocks at all times.

Investments June 30, 2011 (Unaudited)

Showing Percentage of Net Assets

Common Stocks – 99.0%

	Shares	Value
CONSUMER DISCRETIONARY – 10.5%		
Auto Components – 0.3%		
Johnson Controls, Inc.	126,773	\$ 5,281,363
The Goodyear Tire & Rubber Co. (a) ...	45,620	765,047
		<u>6,046,410</u>
Automobiles – 0.5%		
Ford Motor Co. (a)	709,718	9,787,011
Harley-Davidson, Inc. (d)	44,149	1,808,785
		<u>11,595,796</u>
Distributors – 0.1%		
Genuine Parts Co. (d)	29,396	1,599,142
Diversified Consumer Services – 0.1%		
Apollo Group, Inc. Class A (non-vtg.) (a)	22,756	993,982
DeVry, Inc.	11,440	676,447
H&R Block, Inc.	57,038	914,890
		<u>2,585,319</u>
Hotels, Restaurants & Leisure – 1.8%		
Carnival Corp. unit	80,699	3,036,703
Chipotle Mexican Grill, Inc. (a)(d)	5,815	1,792,125
Darden Restaurants, Inc.	25,493	1,268,532
International Game Technology (d)	56,039	985,166
Marriott International, Inc. Class A (d) ..	53,050	1,882,745
McDonald's Corp.	193,879	16,347,877
Starbucks Corp.	140,068	5,531,285
Starwood Hotels & Resorts Worldwide, Inc. (d)	36,454	2,042,882
Wyndham Worldwide Corp.	31,762	1,068,791
Wynn Resorts Ltd.	14,220	2,041,139
Yum! Brands, Inc.	86,994	4,805,549
		<u>40,802,794</u>
Household Durables – 0.3%		
D.R. Horton, Inc. (d)	52,515	604,973
Fortune Brands, Inc. (d)	28,807	1,837,022
Harman International Industries, Inc. (d)	13,061	595,190
Leggett & Platt, Inc.	26,701	650,970
Lennar Corp. Class A (d)	30,040	545,226
Newell Rubbermaid, Inc. (d)	54,413	858,637
PulteGroup, Inc. (a)(d)	62,947	482,174
Whirlpool Corp.	14,243	1,158,241
		<u>6,732,433</u>
Internet & Catalog Retail – 0.9%		
Amazon.com, Inc. (a)	66,729	13,645,413
Expedia, Inc.	37,288	1,080,979
Netflix, Inc. (a)	8,141	2,138,559
Priceline.com, Inc. (a)	9,277	4,749,175
		<u>21,614,126</u>
Leisure Equipment & Products – 0.1%		
Hasbro, Inc.	25,457	1,118,326
Mattel, Inc.	64,949	1,785,448
		<u>2,903,774</u>

Media – 3.3%

	Shares	Value
Media – 3.3%		
Cablevision Systems Corp. – NY Group Class A (d)	43,008	\$ 1,557,320
CBS Corp. Class B	124,967	3,560,310
Comcast Corp. Class A	516,883	13,097,815
DIRECTV (a)	143,466	7,290,942
Discovery Communications, Inc. (a)(d) ..	52,052	2,132,050
Gannett Co., Inc. (d)	44,927	643,355
Interpublic Group of Companies, Inc. ...	91,316	1,141,450
McGraw-Hill Companies, Inc. (d)	56,936	2,386,188
News Corp. Class A	427,000	7,557,900
Omnicom Group, Inc.	52,530	2,529,845
Scripps Networks Interactive, Inc. Class A	16,963	829,151
The Walt Disney Co.	353,188	13,788,460
Time Warner Cable, Inc.	62,859	4,905,516
Time Warner, Inc.	200,091	7,277,310
Viacom, Inc. Class B (non-vtg.)	109,334	5,576,034
Washington Post Co. Class B	963	403,449
		<u>74,677,095</u>

Multiline Retail – 0.7%

Multiline Retail – 0.7%		
Big Lots, Inc. (a)(d)	14,047	465,658
Family Dollar Stores, Inc.	22,853	1,201,154
JCPenney Co., Inc.	39,840	1,376,074
Kohl's Corp. (d)	52,524	2,626,725
Macy's, Inc.	79,745	2,331,744
Nordstrom, Inc.	31,353	1,471,710
Sears Holdings Corp. (a)(d)	8,050	575,092
Target Corp.	128,771	6,040,648
		<u>16,088,805</u>

Specialty Retail – 1.8%

Specialty Retail – 1.8%		
Abercrombie & Fitch Co. Class A (d) ...	16,381	1,096,217
AutoNation, Inc. (a)(d)	11,882	435,000
AutoZone, Inc. (a)	4,724	1,392,871
Bed Bath & Beyond, Inc. (a)	46,551	2,717,182
Best Buy Co., Inc.	60,287	1,893,615
CarMax, Inc. (a)(d)	42,202	1,395,620
GameStop Corp. Class A (a)(d)	26,429	704,861
Gap, Inc.	73,024	1,321,734
Home Depot, Inc.	297,522	10,776,247
Limited Brands, Inc. (d)	47,128	1,812,072
Lowe's Companies, Inc.	243,301	5,671,346
O'Reilly Automotive, Inc. (a)	25,762	1,687,669
Ross Stores, Inc. (d)	21,854	1,750,942
Staples, Inc.	133,258	2,105,476
Tiffany & Co., Inc. (d)	23,864	1,873,801
TJX Companies, Inc.	72,147	3,789,882
Urban Outfitters, Inc. (a)(d)	23,275	655,191
		<u>41,079,726</u>

Textiles, Apparel & Luxury Goods – 0.6%

Textiles, Apparel & Luxury Goods – 0.6%		
Coach, Inc.	54,861	3,507,264
NIKE, Inc. Class B	70,875	6,377,333

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

Investments (Unaudited) – continued

Common Stocks – continued

	Shares	Value
CONSUMER DISCRETIONARY – continued		
Textiles, Apparel & Luxury Goods – continued		
Polo Ralph Lauren Corp. Class A	12,017	\$ 1,593,574
VF Corp.	16,354	1,775,390
		<u>13,253,561</u>
TOTAL CONSUMER DISCRETIONARY		<u>238,978,981</u>

CONSUMER STAPLES – 10.5%

Beverages – 2.5%

Brown-Forman Corp. Class B (non-vtg.)	19,261	1,438,604
Coca-Cola Enterprises, Inc.	60,733	1,772,189
Constellation Brands, Inc. Class A (sub. vtg.) (a)	33,436	696,138
Dr Pepper Snapple Group, Inc. (d)	41,363	1,734,351
Molson Coors Brewing Co. Class B	29,694	1,328,510
PepsiCo, Inc.	295,357	20,801,994
The Coca-Cola Co.	427,763	28,784,172
		<u>56,555,958</u>

Food & Staples Retailing – 2.3%

Costco Wholesale Corp.	81,631	6,631,702
CVS Caremark Corp.	253,367	9,521,532
Kroger Co.	113,323	2,810,410
Safeway, Inc.	66,166	1,546,299
SUPERVALU, Inc. (d)	39,643	373,041
Sysco Corp.	109,027	3,399,462
Wal-Mart Stores, Inc.	356,880	18,964,603
Walgreen Co. (d)	171,060	7,263,208
Whole Foods Market, Inc. (d)	27,908	1,770,763
		<u>52,281,020</u>

Food Products – 1.8%

Archer Daniels Midland Co.	127,444	3,842,437
Campbell Soup Co.	34,107	1,178,397
ConAgra Foods, Inc.	76,404	1,971,987
Dean Foods Co. (a)(d)	34,231	420,014
General Mills, Inc.	119,290	4,439,974
H.J. Heinz Co. (d)	60,135	3,203,993
Hershey Co.	28,653	1,628,923
Hormel Foods Corp. (d)	25,947	773,480
Kellogg Co. (d)	46,786	2,588,202
Kraft Foods, Inc. Class A	328,471	11,572,033
McCormick & Co., Inc. (non-vtg.) (d)	24,758	1,227,254
Mead Johnson Nutrition Co. Class A	38,183	2,579,262
Sara Lee Corp.	109,331	2,076,196
The J.M. Smucker Co. (d)	21,673	1,656,684
Tyson Foods, Inc. Class A	56,022	1,087,947
		<u>40,246,783</u>

Household Products – 2.1%

Clorox Co.	24,915	1,680,268
Colgate-Palmolive Co.	91,354	7,985,253

	Shares	Value
Kimberly-Clark Corp.	73,412	\$ 4,886,303
Procter & Gamble Co.	521,573	33,156,396
		<u>47,708,220</u>

Personal Products – 0.2%

Avon Products, Inc.	80,384	2,250,752
Estee Lauder Companies, Inc. Class A (d)	21,304	2,240,968
		<u>4,491,720</u>

Tobacco – 1.6%

Altria Group, Inc.	391,164	10,330,641
Lorillard, Inc.	26,852	2,923,377
Philip Morris International, Inc.	332,309	22,188,272
Reynolds American, Inc.	63,172	2,340,523
		<u>37,782,813</u>

TOTAL CONSUMER STAPLES		<u>239,066,514</u>
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ENERGY – 12.6%

Energy Equipment & Services – 2.4%

Baker Hughes, Inc.	81,215	5,892,960
Cameron International Corp. (a)	45,785	2,302,528
Diamond Offshore Drilling, Inc. (d)	12,989	914,555
FMC Technologies, Inc. (a)(d)	44,907	2,011,385
Halliburton Co.	170,977	8,719,827
Helmerich & Payne, Inc. (d)	19,988	1,321,607
Nabors Industries Ltd. (a)	53,696	1,323,069
National Oilwell Varco, Inc.	79,055	6,182,892
Noble Corp. (d)	47,119	1,856,960
Rowan Companies, Inc. (a)	23,816	924,299
Schlumberger Ltd.	253,554	21,907,066
		<u>53,357,148</u>

Oil, Gas & Consumable Fuels – 10.2%

Alpha Natural Resources, Inc. (a)	42,332	1,923,566
Anadarko Petroleum Corp.	92,965	7,135,993
Apache Corp.	71,650	8,840,894
Cabot Oil & Gas Corp.	19,520	1,294,371
Chesapeake Energy Corp.	122,890	3,648,604
Chevron Corp.	375,634	38,630,201
ConocoPhillips	264,124	19,859,484
CONSOL Energy, Inc.	42,349	2,053,080
Denbury Resources, Inc. (a)(d)	74,232	1,484,640
Devon Energy Corp.	79,040	6,229,142
El Paso Corp.	143,687	2,902,477
EOG Resources, Inc.	50,159	5,244,123
EQT Corp. (d)	27,922	1,466,463
Exxon Mobil Corp.	920,474	74,908,167
Hess Corp.	56,501	4,224,015
Marathon Oil Corp.	133,058	7,009,495
Murphy Oil Corp.	36,143	2,373,149
Newfield Exploration Co. (a)(d)	24,711	1,680,842
Noble Energy, Inc.	32,974	2,955,460
Occidental Petroleum Corp.	151,892	15,802,844
Peabody Energy Corp.	50,589	2,980,198

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

Common Stocks – continued

	Shares	Value
ENERGY – continued		
Oil, Gas & Consumable Fuels – continued		
Pioneer Natural Resources Co. (d)	21,817	\$ 1,954,149
QEP Resources, Inc.	33,028	1,381,561
Range Resources Corp. (d)	30,017	1,665,944
Southwestern Energy Co. (a)(d)	65,007	2,787,500
Spectra Energy Corp. (d)	121,458	3,329,164
Sunoco, Inc.	22,630	943,897
Tesoro Corp. (a)(d)	26,864	615,454
Valero Energy Corp.	106,556	2,724,637
Williams Companies, Inc.	109,899	3,324,445
		<u>231,373,959</u>
TOTAL ENERGY		<u>284,731,107</u>

FINANCIALS – 15.0%

Capital Markets – 2.3%

Ameriprise Financial, Inc.	45,272	2,611,289
Bank of New York Mellon Corp.	232,025	5,944,481
BlackRock, Inc. Class A	17,961	3,445,099
Charles Schwab Corp. (d)	187,154	3,078,683
E*TRADE Financial Corp. (a)	47,037	649,111
Federated Investors, Inc. Class B (non-vtg.) (d)	17,397	414,744
Franklin Resources, Inc.	26,948	3,538,003
Goldman Sachs Group, Inc.	96,743	12,875,526
Invesco Ltd.	86,341	2,020,379
Janus Capital Group, Inc. (d)	34,792	328,436
Legg Mason, Inc. (d)	27,800	910,728
Morgan Stanley	288,631	6,641,399
Northern Trust Corp.	45,182	2,076,565
State Street Corp.	94,183	4,246,711
T. Rowe Price Group, Inc. (d)	48,536	2,928,662
		<u>51,709,816</u>

Commercial Banks – 2.7%

BB&T Corp.	130,140	3,492,958
Comerica, Inc.	33,030	1,141,847
Fifth Third Bancorp	171,671	2,188,805
First Horizon National Corp.	49,206	469,425
Huntington Bancshares, Inc.	161,332	1,058,338
KeyCorp	177,666	1,479,958
M&T Bank Corp. (d)	23,448	2,062,252
Marshall & Ilsley Corp. (d)	99,057	789,484
PNC Financial Services Group, Inc.	98,339	5,861,988
Regions Financial Corp.	234,780	1,455,636
SunTrust Banks, Inc.	100,321	2,588,282
U.S. Bancorp	360,008	9,183,804
Wells Fargo & Co.	988,306	27,731,866
Zions Bancorporation (d)	34,349	824,719
		<u>60,329,362</u>

Consumer Finance – 0.8%

American Express Co.	195,429	10,103,679
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	Shares	Value
Capital One Financial Corp.	85,789	\$ 4,432,718
Discover Financial Services	101,928	2,726,574
SLM Corp.	98,552	1,656,659
		<u>18,919,630</u>

Diversified Financial Services – 3.7%

Bank of America Corp.	1,893,416	20,751,839
Citigroup, Inc.	545,743	22,724,739
CME Group, Inc. (d)	12,531	3,653,914
IntercontinentalExchange, Inc. (a)	13,738	1,713,266
JPMorgan Chase & Co.	742,511	30,398,400
Leucadia National Corp. (d)	37,015	1,262,212
Moody's Corp. (d)	37,032	1,420,177
NYSE Euronext	48,919	1,676,454
The NASDAQ Stock Market, Inc. (a)	28,061	709,943
		<u>84,310,944</u>

Insurance – 3.7%

ACE Ltd.	63,046	4,149,688
AFLAC, Inc.	87,393	4,079,505
Allstate Corp.	97,719	2,983,361
American International Group, Inc. (a)(d)	81,517	2,390,078
Aon Corp.	61,764	3,168,493
Assurant, Inc.	18,033	654,057
Berkshire Hathaway, Inc. Class B (a)	323,498	25,035,510
Cincinnati Financial Corp.	30,458	888,764
Genworth Financial, Inc. Class A (a)	91,665	942,316
Hartford Financial Services Group, Inc.	83,202	2,194,037
Lincoln National Corp.	58,574	1,668,773
Loews Corp.	58,058	2,443,661
Marsh & McLennan Companies, Inc.	102,351	3,192,328
MetLife, Inc.	197,516	8,665,027
Principal Financial Group, Inc. (d)	60,041	1,826,447
Progressive Corp.	122,148	2,611,524
Prudential Financial, Inc.	91,186	5,798,518
The Chubb Corp.	54,664	3,422,513
The Travelers Companies, Inc.	78,269	4,569,344
Torchmark Corp. (d)	14,211	911,494
Unum Group	57,514	1,465,457
XL Group PLC Class A	57,817	1,270,818
		<u>84,331,713</u>

Real Estate Investment Trusts – 1.6%

Apartment Investment & Management Co. Class A	22,331	570,110
AvalonBay Communities, Inc.	16,316	2,094,974
Boston Properties, Inc.	27,205	2,888,083
Equity Residential (SBI)	55,058	3,303,480
HCP, Inc. (d)	75,869	2,783,634
Health Care REIT, Inc.	33,028	1,731,658
Host Hotels & Resorts, Inc.	128,216	2,173,261
Kimco Realty Corp.	76,037	1,417,330
Plum Creek Timber Co., Inc. (d)	30,259	1,226,700
Prologis, Inc.	84,883	3,042,207
Public Storage	26,145	2,980,791
Simon Property Group, Inc.	54,806	6,370,101

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

Investments (Unaudited) – continued

Common Stocks – continued

	Shares	Value
FINANCIALS – continued		
Real Estate Investment Trusts – continued		
Ventas, Inc. (d)	30,543	\$ 1,609,922
Vornado Realty Trust (d)	30,639	2,854,942
Weyerhaeuser Co. (d)	100,638	2,199,947
		<u>37,247,140</u>
Real Estate Management & Development – 0.1%		
CB Richard Ellis Group, Inc. Class A (a)	54,539	1,369,474
Thrifts & Mortgage Finance – 0.1%		
Hudson City Bancorp, Inc.	98,418	806,043
People's United Financial, Inc.	70,364	945,692
		<u>1,751,735</u>
TOTAL FINANCIALS		<u>339,969,814</u>
HEALTH CARE – 11.6%		
Biotechnology – 1.2%		
Amgen, Inc. (a)	173,727	10,136,970
Biogen Idec, Inc. (a)	45,151	4,827,545
Celgene Corp. (a)	86,478	5,216,353
Cephalon, Inc. (a)	14,374	1,148,483
Gilead Sciences, Inc. (a)	147,066	6,090,003
		<u>27,419,354</u>
Health Care Equipment & Supplies – 1.9%		
Baxter International, Inc.	106,580	6,361,760
Becton, Dickinson & Co. (d)	40,875	3,522,199
Boston Scientific Corp. (a)	285,556	1,973,192
C. R. Bard, Inc. (d)	16,005	1,758,309
CareFusion Corp. (a)	41,750	1,134,348
Covidien PLC	92,631	4,930,748
DENTSPLY International, Inc.	26,304	1,001,656
Edwards Lifesciences Corp. (a)(d)	21,429	1,868,180
Intuitive Surgical, Inc. (a)(d)	7,341	2,731,660
Medtronic, Inc.	199,821	7,699,103
St. Jude Medical, Inc.	61,448	2,929,841
Stryker Corp.	62,352	3,659,439
Varian Medical Systems, Inc. (a)(d)	21,897	1,533,228
Zimmer Holdings, Inc. (a)	35,870	2,266,984
		<u>43,370,647</u>
Health Care Providers & Services – 2.2%		
Aetna, Inc.	70,912	3,126,510
AmerisourceBergen Corp.	51,192	2,119,349
Cardinal Health, Inc.	65,510	2,975,464
CIGNA Corp.	50,558	2,600,198
Coventry Health Care, Inc. (a)	27,697	1,010,110
DaVita, Inc. (a)	17,845	1,545,555
Express Scripts, Inc. (a)	98,932	5,340,349
Humana, Inc.	31,466	2,534,272
Laboratory Corp. of America Holdings (a)(d)	18,723	1,812,199
McKesson Corp.	47,111	3,940,835

	Shares	Value
Medco Health Solutions, Inc. (a)	74,706	\$ 4,222,383
Patterson Companies, Inc.	17,909	589,027
Quest Diagnostics, Inc.	29,401	1,737,599
Tenet Healthcare Corp. (a)(d)	91,476	570,810
UnitedHealth Group, Inc.	202,448	10,442,268
WellPoint, Inc.	68,607	5,404,173
		<u>49,971,101</u>
Health Care Technology – 0.1%		
Cerner Corp. (a)(d)	27,031	1,651,864
Life Sciences Tools & Services – 0.5%		
Agilent Technologies, Inc. (a)(d)	65,034	3,323,888
Life Technologies Corp. (a)(d)	33,404	1,739,346
PerkinElmer, Inc.	21,070	566,994
Thermo Fisher Scientific, Inc. (a)	71,615	4,611,290
Waters Corp. (a)(d)	17,124	1,639,452
		<u>11,880,970</u>
Pharmaceuticals – 5.7%		
Abbott Laboratories	290,428	15,282,321
Allergan, Inc.	56,951	4,741,171
Bristol-Myers Squibb Co.	318,776	9,231,753
Eli Lilly & Co.	190,360	7,144,211
Forest Laboratories, Inc. (a)	53,471	2,103,549
Hospira, Inc. (a)(d)	31,350	1,776,291
Johnson & Johnson	512,202	34,071,677
Merck & Co., Inc.	576,750	20,353,508
Mylan, Inc. (a)	82,077	2,024,840
Pfizer, Inc.	1,476,382	30,413,469
Watson Pharmaceuticals, Inc. (a)	23,634	1,624,365
		<u>128,767,155</u>
TOTAL HEALTH CARE		<u>263,061,091</u>
INDUSTRIALS – 11.1%		
Aerospace & Defense – 2.8%		
General Dynamics Corp.	69,511	5,179,960
Goodrich Corp.	23,333	2,228,302
Honeywell International, Inc. (d)	147,058	8,763,186
ITT Corp.	34,400	2,027,192
L-3 Communications Holdings, Inc. (d)	19,831	1,734,221
Lockheed Martin Corp. (d)	53,214	4,308,738
Northrop Grumman Corp. (d)	54,697	3,793,237
Precision Castparts Corp.	26,884	4,426,451
Raytheon Co.	66,554	3,317,717
Rockwell Collins, Inc.	28,786	1,775,808
Textron, Inc. (d)	51,602	1,218,323
The Boeing Co.	137,952	10,198,791
United Technologies Corp.	171,023	15,137,246
		<u>64,109,172</u>
Air Freight & Logistics – 1.0%		
C.H. Robinson Worldwide, Inc. (d)	30,453	2,400,915
Expeditors International of Washington, Inc.	39,683	2,031,373

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

Common Stocks – continued

	Shares	Value
INDUSTRIALS – continued		
Air Freight & Logistics – continued		
FedEx Corp. (d)	58,983	\$ 5,594,538
United Parcel Service, Inc. Class B	184,281	13,439,613
		<u>23,466,439</u>
Airlines – 0.1%		
Southwest Airlines Co.	147,933	1,689,395
Building Products – 0.0%		
Masco Corp.	66,913	804,963
Commercial Services & Supplies – 0.5%		
Avery Dennison Corp.	19,743	762,672
Cintas Corp. (d)	23,621	780,202
Iron Mountain, Inc. (d)	37,500	1,278,375
Pitney Bowes, Inc. (d)	38,092	875,735
R.R. Donnelley & Sons Co. (d)	35,047	687,272
Republic Services, Inc.	56,693	1,748,979
Stericycle, Inc. (a)(d)	16,042	1,429,663
Waste Management, Inc.	88,607	3,302,383
		<u>10,865,281</u>
Construction & Engineering – 0.2%		
Fluor Corp. (d)	32,566	2,105,718
Jacobs Engineering Group, Inc. (a)	23,695	1,024,809
Quanta Services, Inc. (a)(d)	40,377	815,615
		<u>3,946,142</u>
Electrical Equipment – 0.5%		
Emerson Electric Co.	140,455	7,900,594
Rockwell Automation, Inc. (d)	26,964	2,339,397
Roper Industries, Inc.	17,920	1,492,736
		<u>11,732,727</u>
Industrial Conglomerates – 2.4%		
3M Co.	132,776	12,593,804
General Electric Co. (d)	1,981,702	37,374,900
Tyco International Ltd.	87,625	4,331,304
		<u>54,300,008</u>
Machinery – 2.4%		
Caterpillar, Inc.	120,420	12,819,913
Cummins, Inc.	36,669	3,794,875
Danaher Corp.	101,748	5,391,627
Deere & Co.	78,426	6,466,224
Dover Corp. (d)	34,864	2,363,779
Eaton Corp.	63,756	3,280,246
Flowserve Corp.	10,431	1,146,263
Illinois Tool Works, Inc.	93,438	5,278,313
Ingersoll-Rand Co. Ltd. (d)	61,899	2,810,834
Joy Global, Inc. (d)	19,627	1,869,275
PACCAR, Inc. (d)	68,291	3,488,987
Pall Corp.	21,698	1,220,079
Parker Hannifin Corp.	30,303	2,719,391

	Shares	Value
Snap-On, Inc. (d)	10,874	\$ 679,408
Stanley Black & Decker, Inc.	31,413	2,263,307
		<u>55,592,521</u>
Professional Services – 0.1%		
Dun & Bradstreet Corp. (d)	9,232	697,385
Equifax, Inc.	22,996	798,421
Robert Half International, Inc.	27,436	741,595
		<u>2,237,401</u>
Road & Rail – 0.9%		
CSX Corp.	206,059	5,402,867
Norfolk Southern Corp.	66,001	4,945,455
Ryder System, Inc.	9,594	545,419
Union Pacific Corp.	91,657	9,568,991
		<u>20,462,732</u>
Trading Companies & Distributors – 0.2%		
Fastenal Co. (d)	55,097	1,982,941
W.W. Grainger, Inc. (d)	10,872	1,670,483
		<u>3,653,424</u>
TOTAL INDUSTRIALS		<u>252,860,205</u>
INFORMATION TECHNOLOGY – 17.6%		
Communications Equipment – 2.0%		
Cisco Systems, Inc.	1,027,748	16,043,146
F5 Networks, Inc. (a)(d)	15,157	1,671,059
Harris Corp. (d)	23,768	1,070,986
JDS Uniphase Corp. (a)(d)	42,412	706,584
Juniper Networks, Inc. (a)	99,608	3,137,652
Motorola Mobility Holdings, Inc.	55,120	1,214,845
Motorola Solutions, Inc.	63,444	2,920,962
QUALCOMM, Inc.	311,964	17,716,436
Tellabs, Inc. (d)	67,884	312,945
		<u>44,794,615</u>
Computers & Peripherals – 4.2%		
Apple, Inc. (a)	172,797	58,002,769
Dell, Inc. (a)(d)	306,789	5,114,173
EMC Corp. (a)	384,471	10,592,176
Hewlett-Packard Co.	387,570	14,107,548
Lexmark International, Inc. Class A (a)(d)	14,805	433,194
NetApp, Inc. (a)	68,740	3,628,097
SanDisk Corp. (a)	44,541	1,848,452
Western Digital Corp. (a)	43,426	1,579,838
		<u>95,306,247</u>
Electronic Equipment & Components – 0.4%		
Amphenol Corp. Class A	32,916	1,777,135
Corning, Inc.	293,348	5,324,266
FLIR Systems, Inc. (d)	29,837	1,005,805
Jabil Circuit, Inc. (d)	36,748	742,310
Molex, Inc. (d)	25,981	669,530
		<u>9,519,046</u>

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

Investments (Unaudited) – continued

Common Stocks – continued

	Shares	Value
INFORMATION TECHNOLOGY – continued		
Internet Software & Services – 1.6%		
Akamai Technologies, Inc. (a)	34,888	\$ 1,097,925
eBay, Inc. (a)	213,419	6,887,031
Google, Inc. Class A (a)	46,968	23,783,656
Monster Worldwide, Inc. (a)(d)	24,164	354,244
VeriSign, Inc. (d)	31,481	1,053,354
Yahoo!, Inc. (a)(d)	243,464	3,661,699
		<u>36,837,909</u>
IT Services – 3.2%		
Automatic Data Processing, Inc.	93,373	4,918,890
Cognizant Technology Solutions Corp. Class A (a)	56,851	4,169,452
Computer Sciences Corp.	28,979	1,100,043
Fidelity National Information Services, Inc.	50,282	1,548,183
Fiserv, Inc. (a)	26,835	1,680,676
International Business Machines Corp. .	226,322	38,825,539
MasterCard, Inc. Class A	17,594	5,301,776
Paychex, Inc. (d)	60,176	1,848,607
SAIC, Inc. (a)(d)	52,139	876,978
Teradata Corp. (a)	31,542	1,898,828
The Western Union Co.	118,143	2,366,404
Total System Services, Inc. (d)	30,239	561,841
Visa, Inc. Class A	89,502	7,541,439
		<u>72,638,656</u>
Office Electronics – 0.1%		
Xerox Corp.	261,822	2,725,567
Semiconductors & Semiconductor Equipment – 2.4%		
Advanced Micro Devices, Inc. (a)(d) ...	107,916	754,333
Altera Corp.	60,210	2,790,734
Analog Devices, Inc. (d)	55,988	2,191,370
Applied Materials, Inc.	246,324	3,204,675
Broadcom Corp. Class A	89,155	2,999,174
First Solar, Inc. (a)(d)	10,143	1,341,615
Intel Corp.	990,716	21,954,267
KLA-Tencor Corp. (d)	31,373	1,269,979
Linear Technology Corp. (d)	42,554	1,405,133
LSI Corp. (a)	113,170	805,770
MEMC Electronic Materials, Inc. (a)(d) .	43,055	367,259
Microchip Technology, Inc. (d)	35,592	1,349,293
Micron Technology, Inc. (a)(d)	160,934	1,203,786
National Semiconductor Corp.	45,059	1,108,902
Novellus Systems, Inc. (a)	16,688	603,104
NVIDIA Corp. (a)(d)	112,168	1,787,397
Teradyne, Inc. (a)(d)	34,651	512,835
Texas Instruments, Inc.	216,972	7,123,191
Xilinx, Inc. (d)	49,634	1,810,152
		<u>54,582,969</u>

	Shares	Value
Software – 3.7%		
Adobe Systems, Inc. (a)	94,262	\$ 2,964,540
Autodesk, Inc. (a)	43,156	1,665,822
BMC Software, Inc. (a)	33,047	1,807,671
CA, Inc.	70,928	1,619,996
Citrix Systems, Inc. (a)	35,128	2,810,240
Compuware Corp. (a)	40,781	398,023
Electronic Arts, Inc. (a)	62,121	1,466,056
Intuit, Inc. (a)	51,124	2,651,291
Microsoft Corp.	1,386,636	36,052,536
Oracle Corp.	728,106	23,961,968
Red Hat, Inc. (a)	36,068	1,655,521
salesforce.com, Inc. (a)(d)	22,518	3,354,732
Symantec Corp. (a)	141,178	2,784,030
		<u>83,192,426</u>

TOTAL INFORMATION TECHNOLOGY 399,597,435

MATERIALS – 3.6%

Chemicals – 2.2%

Air Products & Chemicals, Inc.	39,595	3,784,490
Airgas, Inc.	13,055	914,372
CF Industries Holdings, Inc.	13,357	1,892,286
Dow Chemical Co.	219,665	7,907,940
E.I. du Pont de Nemours & Co.	173,535	9,379,567
Eastman Chemical Co.	13,276	1,355,081
Ecolab, Inc.	43,350	2,444,073
FMC Corp.	13,405	1,153,098
International Flavors & Fragrances, Inc.	15,021	964,949
Monsanto Co.	100,152	7,265,026
PPG Industries, Inc. (d)	29,552	2,683,026
Praxair, Inc. (d)	56,818	6,158,503
Sherwin-Williams Co. (d)	16,511	1,384,778
Sigma Aldrich Corp. (d)	22,760	1,670,129
		<u>48,957,318</u>

Construction Materials – 0.0%

Vulcan Materials Co. (d)	24,124	929,498
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Containers & Packaging – 0.1%

Ball Corp.	31,385	1,207,067
Bemis Co., Inc. (d)	19,683	664,892
Owens-Illinois, Inc. (a)	30,646	790,973
Sealed Air Corp.	29,926	711,940
		<u>3,374,872</u>

Metals & Mining – 1.1%

AK Steel Holding Corp. (d)	20,602	324,688
Alcoa, Inc. (d)	198,763	3,152,381
Allegheny Technologies, Inc. (d)	19,830	1,258,610
Cliffs Natural Resources, Inc. (d)	27,029	2,498,831
Freeport-McMoRan Copper & Gold, Inc.	177,013	9,363,988
Newmont Mining Corp.	92,249	4,978,679
Nucor Corp.	59,058	2,434,371

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

Common Stocks – continued

	Shares	Value
MATERIALS – continued		
Metals & Mining – continued		
Titanium Metals Corp. (d)	16,833	\$ 308,381
United States Steel Corp. (d)	26,864	1,236,819
		<u>25,556,748</u>
Paper & Forest Products – 0.2%		
International Paper Co. (d)	81,704	2,436,413
MeadWestvaco Corp.	31,707	1,056,160
		<u>3,492,573</u>
TOTAL MATERIALS		<u>82,311,009</u>
TELECOMMUNICATION SERVICES – 3.1%		
Diversified Telecommunication Services – 2.7%		
AT&T, Inc.	1,106,567	34,757,269
CenturyLink, Inc.	112,215	4,536,852
Frontier Communications Corp. (d)	185,964	1,500,729
Verizon Communications, Inc.	528,633	19,681,007
Windstream Corp.	95,292	1,234,984
		<u>61,710,841</u>
Wireless Telecommunication Services – 0.4%		
American Tower Corp. Class A (a)	74,113	3,878,333
MetroPCS Communications, Inc. (a)(d)	49,607	853,736
Sprint Nextel Corp. (a)	559,020	3,013,118
		<u>7,745,187</u>
TOTAL TELECOMMUNICATION SERVICES		<u>69,456,028</u>
UTILITIES – 3.4%		
Electric Utilities – 1.8%		
American Electric Power Co., Inc.	90,026	3,392,180
Duke Energy Corp. (d)	248,769	4,684,320
Edison International	60,880	2,359,100
Entergy Corp. (d)	33,254	2,270,583
Exelon Corp. (d)	123,772	5,302,392
FirstEnergy Corp.	78,146	3,450,146
NextEra Energy, Inc.	78,846	4,530,491
Northeast Utilities	33,032	1,161,735
Pepco Holdings, Inc. (d)	42,186	828,111
Pinnacle West Capital Corp.	20,370	908,095
PPL Corp. (d)	107,845	3,001,326
Progress Energy, Inc.	55,035	2,642,230
Southern Co. (d)	158,664	6,406,852
		<u>40,937,561</u>
Gas Utilities – 0.1%		
Nicor, Inc.	8,511	465,892
ONEOK, Inc. (d)	20,016	1,481,384
		<u>1,947,276</u>
Independent Power Producers & Energy Traders – 0.2%		
Constellation Energy Group, Inc.	37,503	1,423,614

	Shares	Value
NRG Energy, Inc. (a)	45,049	\$ 1,107,304
The AES Corp. (a)	122,744	1,563,759
		<u>4,094,677</u>
Multi-Utilities – 1.3%		
Ameren Corp.	45,060	1,299,530
CenterPoint Energy, Inc.	79,491	1,538,151
CMS Energy Corp. (d)	47,154	928,462
Consolidated Edison, Inc. (d)	54,670	2,910,631
Dominion Resources, Inc. (d)	107,592	5,193,466
DTE Energy Co.	31,643	1,582,783
Integrus Energy Group, Inc. (d)	14,548	754,168
NiSource, Inc.	52,241	1,057,880
PG&E Corp.	74,360	3,125,351
Public Service Enterprise Group, Inc.	94,532	3,085,524
SCANA Corp.	21,358	840,864
Sempra Energy	44,742	2,365,957
TECO Energy, Inc. (d)	40,163	758,679
Wisconsin Energy Corp.	43,677	1,369,274
Xcel Energy, Inc.	90,472	2,198,470
		<u>29,009,190</u>
TOTAL UTILITIES		<u>75,988,704</u>

TOTAL COMMON STOCKS
(Cost \$1,341,254,011) **2,246,020,888**

U.S. Treasury Obligations – 0.1%

	Principal Amount
U.S. Treasury Bills, yield at date of purchase 0.06% to 0.2% 7/28/11 to 12/15/11 (e) (Cost \$1,824,707)	\$ 1,825,000
	<u>1,824,879</u>

Money Market Funds – 11.4%

	Shares
Fidelity Cash Central Fund, 0.11% (b)	2,338,984
Fidelity Securities Lending Cash Central Fund, 0.11% (b)(c)	256,658,825
	<u>256,658,825</u>

TOTAL MONEY MARKET FUNDS
(Cost \$258,997,809) **258,997,809**

TOTAL INVESTMENT PORTFOLIO – 110.5%
(Cost \$1,602,076,527) **2,506,843,576**

NET OTHER ASSETS (LIABILITIES) – (10.5)% **(238,834,072)**

NET ASSETS – 100% **\$ 2,268,009,504**

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

Investments (Unaudited) – continued

Futures Contracts

	Expiration Date	Underlying Face Amount at Value	Unrealized Appreciation/ (Depreciation)
Purchased			
Equity Index Contracts			
82 CME E-mini S&P 500 Index Contracts	Sept. 2011	\$ 26,967,750	\$ 395,260

The face value of futures purchased as a percentage of net assets is 1.2%

Legend

- (a) Non-income producing
- (b) 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. In addition, each Fidelity Central Fund's financial statements are available on the SEC's website or upon request.
- (c) Investment made with cash collateral received from securities on loan.
- (d) Security or a portion of the security is on loan at period end.
- (e) 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 \$1,744,906.

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	\$ 19,933
Fidelity Securities Lending Cash Central Fund	192,861
Total	<u>\$ 212,794</u>

Other Information

The following is a summary of the inputs used, as of June 30, 2011, involving the Fund's assets and liabilities carried at fair 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 table 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
Investments in Securities:				
Equities:				
Consumer Discretionary	\$ 238,978,981	\$ 238,978,981	\$ —	\$ —
Consumer Staples	239,066,514	239,066,514	—	—
Energy	284,731,107	284,731,107	—	—
Financials	339,969,814	339,969,814	—	—
Health Care	263,061,091	263,061,091	—	—
Industrials	252,860,205	252,860,205	—	—
Information Technology	399,597,435	399,597,435	—	—
Materials	82,311,009	82,311,009	—	—
Telecommunication Services	69,456,028	69,456,028	—	—
Utilities	75,988,704	75,988,704	—	—
U.S. Government and Government Agency Obligations	1,824,879	—	1,824,879	—
Money Market Funds	258,997,809	258,997,809	—	—
Total Investments in Securities:	<u>\$ 2,506,843,576</u>	<u>\$ 2,505,018,697</u>	<u>\$ 1,824,879</u>	<u>\$ —</u>
Derivative Instruments:				
Assets				
Futures Contracts	\$ 395,260	\$ 395,260	\$ —	\$ —

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, 2011. 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
Equity Risk		
Futures Contracts (a)	\$ 395,260	\$ —
Total Value of Derivatives	<u>\$ 395,260</u>	<u>\$ —</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.

Financial Statements

Statement of Assets and Liabilities

June 30, 2011 (Unaudited)

Assets

Investment in securities, at value (including securities loaned of \$253,369,230) — See accompanying schedule:		
Unaffiliated issuers (cost \$1,343,078,718)	\$2,247,845,767	
Fidelity Central Funds (cost \$258,997,809)	258,997,809	
Total Investments (cost \$1,602,076,527)		\$2,506,843,576
Cash		13,866
Receivable for investments sold		20,428,436
Receivable for fund shares sold		1,124,981
Dividends receivable		2,880,437
Distributions receivable from Fidelity Central Funds		30,630
Receivable for daily variation on futures contracts		229,600
Other receivables		41,223
Total assets		<u>2,531,592,749</u>

Liabilities

Payable for investments purchased	\$ 46,462	
Payable for fund shares redeemed	6,599,495	
Accrued management fee	185,323	
Distribution and service plan fees payable	54,136	
Other payables and accrued expenses	39,004	
Collateral on securities loaned, at value	256,658,825	
Total liabilities		<u>263,583,245</u>

Net Assets		<u>\$2,268,009,504</u>
Net Assets consist of:		
Paid in capital	\$1,324,270,616	
Undistributed net investment income	20,602,548	
Accumulated undistributed net realized gain (loss) on investments	17,974,031	
Net unrealized appreciation (depreciation) on investments	905,162,309	
Net Assets		<u>\$2,268,009,504</u>

Statement of Assets and Liabilities – continued

June 30, 2011 (Unaudited)

Initial Class:

Net Asset Value , offering price and redemption price per share (\$1,978,734,996 ÷ 14,416,625 shares)		\$ 137.25
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Service Class:

Net Asset Value , offering price and redemption price per share (\$39,243,498 ÷ 286,778 shares)		\$ 136.84
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Service Class 2:

Net Asset Value , offering price and redemption price per share (\$250,031,010 ÷ 1,839,276 shares)		\$ 135.94
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See accompanying notes which are an integral part of the financial statements.

Statement of Operations

Six months ended June 30, 2011 (Unaudited)

Investment Income		
Dividends		\$ 21,913,105
Interest		3,396
Income from Fidelity Central Funds		212,794
Total income		<u>22,129,295</u>
Expenses		
Management fee	\$ 1,146,832	
Distribution and service plan fees	334,432	
Independent trustees' compensation	5,940	
Miscellaneous	3,819	
Total expenses before reductions	<u>1,491,023</u>	
Expense reductions	(16)	1,491,007
Net investment income (loss)		<u>20,638,288</u>
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers	19,406,379	
Futures contracts	<u>1,606,536</u>	
Total net realized gain (loss)		21,012,915
Change in net unrealized appreciation (depreciation) on:		
Investment securities		90,294,816
Futures contracts		<u>(310,763)</u>
Total change in net unrealized appreciation (depreciation)		<u>89,984,053</u>
Net gain (loss)		<u>110,996,968</u>
Net increase (decrease) in net assets resulting from operations		<u>\$ 131,635,256</u>

Statement of Changes in Net Assets

	Six months ended June 30, 2011 (Unaudited)	Year ended December 31, 2010
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 20,638,288	\$ 38,610,465
Net realized gain (loss)	21,012,915	49,816,060
Change in net unrealized appreciation (depreciation)	89,984,053	198,653,430
Net increase (decrease) in net assets resulting from operations	<u>131,635,256</u>	<u>287,079,955</u>
Distributions to shareholders from net investment income	—	(39,528,264)
Distributions to shareholders from net realized gain	<u>(50,501,627)</u>	<u>(38,021,665)</u>
Total distributions	<u>(50,501,627)</u>	<u>(77,549,929)</u>
Share transactions – net increase (decrease)	<u>(24,280,775)</u>	<u>(19,052,019)</u>
Total increase (decrease) in net assets	<u>56,852,854</u>	<u>190,478,007</u>
Net Assets		
Beginning of period	2,211,156,650	2,020,678,643
End of period (including undistributed net investment income of \$20,602,548 and distributions in excess of net investment income of \$35,740, respectively)	<u>\$2,268,009,504</u>	<u>\$2,211,156,650</u>

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

Financial Highlights — Initial Class

	Six months ended June 30, 2011		Years ended December 31,			
	(Unaudited)	2010	2009	2008	2007	2006
Selected Per-Share Data						
Net asset value, beginning of period	\$ 132.39	\$ 119.62	\$ 99.19	\$ 164.03	\$ 161.36	\$ 141.88
Income from Investment Operations						
Net investment income (loss) ^E	1.25	2.35	2.37	3.03	3.11	2.71
Net realized and unrealized gain (loss)	6.64	15.13	23.03	(63.32)	5.59	19.26
Total from investment operations	7.89	17.48	25.40	(60.29)	8.70	21.97
Distributions from net investment income	—	(2.44)	(2.72)	(3.07)	(6.03)	(2.49)
Distributions from net realized gain	(3.03)	(2.27)	(2.25)	(1.48)	—	—
Total distributions	(3.03)	(4.71)	(4.97)	(4.55)	(6.03)	(2.49)
Net asset value, end of period	\$ 137.25	\$ 132.39	\$ 119.62	\$ 99.19	\$ 164.03	\$ 161.36
Total Return^{B,C,D}	5.99%	15.02%	26.61%	(37.00)%	5.45%	15.73%
Ratios to Average Net Assets^{F,H}						
Expenses before reductions	.10% ^A	.10%	.10%	.10%	.10%	.10%
Expenses net of fee waivers, if any	.10% ^A	.10%	.10%	.10%	.10%	.10%
Expenses net of all reductions	.10% ^A	.10%	.10%	.10%	.10%	.10%
Net investment income (loss)	1.83% ^A	1.94%	2.31%	2.22%	1.86%	1.83%
Supplemental Data						
Net assets, end of period (000 omitted)	\$1,978,735	\$1,931,271	\$1,767,750	\$1,525,779	\$2,626,891	\$2,780,085
Portfolio turnover rate ^G	4% ^A	5%	6%	6%	5%	6%

^A Annualized

^B Total returns for periods of less than one year are not annualized.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Calculated based on average shares outstanding during the period.

^F Fees and expenses of any 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.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

^H 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.

Financial Highlights — Service Class

	Six months ended June 30, 2011		Years ended December 31,			
	(Unaudited)	2010	2009	2008	2007	2006
Selected Per-Share Data						
Net asset value, beginning of period	\$ 132.07	\$ 119.35	\$ 98.99	\$ 163.66	\$ 160.88	\$ 141.48
Income from Investment Operations						
Net investment income (loss) ^E	1.17	2.22	2.27	2.88	2.93	2.55
Net realized and unrealized gain (loss)	6.63	15.09	22.96	(63.14)	5.58	19.22
Total from investment operations	7.80	17.31	25.23	(60.26)	8.51	21.77
Distributions from net investment income	—	(2.32)	(2.62)	(2.93)	(5.73)	(2.37)
Distributions from net realized gain	(3.03)	(2.27)	(2.25)	(1.48)	—	—
Total distributions	(3.03)	(4.59)	(4.87)	(4.41)	(5.73)	(2.37)
Net asset value, end of period	\$ 136.84	\$ 132.07	\$ 119.35	\$ 98.99	\$ 163.66	\$ 160.88
Total Return^{B,C,D}	5.94%	14.91%	26.48%	(37.07)%	5.34%	15.61%
Ratios to Average Net Assets^{F,H}						
Expenses before reductions	.20% ^A	.20%	.20%	.20%	.20%	.20%
Expenses net of fee waivers, if any	.20% ^A	.20%	.20%	.20%	.20%	.20%
Expenses net of all reductions	.20% ^A	.20%	.20%	.20%	.20%	.20%
Net investment income (loss)	1.73% ^A	1.84%	2.21%	2.12%	1.76%	1.73%
Supplemental Data						
Net assets, end of period (000 omitted)	\$ 39,243	\$ 37,209	\$ 32,708	\$ 24,340	\$ 38,960	\$ 35,953
Portfolio turnover rate ^G	4% ^A	5%	6%	6%	5%	6%

^A Annualized

^B Total returns for periods of less than one year are not annualized.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Calculated based on average shares outstanding during the period.

^F Fees and expenses of any 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.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

^H 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.

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

Financial Highlights — Service Class 2

	Six months ended June 30, 2011		Years ended December 31,			
	(Unaudited)	2010	2009	2008	2007	2006
Selected Per-Share Data						
Net asset value, beginning of period	\$ 131.31	\$ 118.71	\$ 98.50	\$ 162.79	\$ 159.90	\$ 140.68
Income from Investment Operations						
Net investment income (loss) ^E	1.07	2.03	2.11	2.66	2.67	2.32
Net realized and unrealized gain (loss)	6.59	14.97	22.82	(62.74)	5.54	19.11
Total from investment operations	7.66	17.00	24.93	(60.08)	8.21	21.43
Distributions from net investment income	—	(2.13)	(2.47)	(2.73)	(5.32)	(2.21)
Distributions from net realized gain	(3.03)	(2.27)	(2.25)	(1.48)	—	—
Total distributions	(3.03)	(4.40)	(4.72)	(4.21)	(5.32)	(2.21)
Net asset value, end of period	\$ 135.94	\$ 131.31	\$ 118.71	\$ 98.50	\$ 162.79	\$ 159.90
Total Return^{B, C, D}	5.86%	14.73%	26.30%	(37.16)%	5.17%	15.44%
Ratios to Average Net Assets^{F, H}						
Expenses before reductions	.35% ^A	.35%	.35%	.35%	.35%	.35%
Expenses net of fee waivers, if any	.35% ^A	.35%	.35%	.35%	.35%	.35%
Expenses net of all reductions	.35% ^A	.35%	.35%	.35%	.35%	.35%
Net investment income (loss)	1.58% ^A	1.69%	2.06%	1.97%	1.61%	1.58%
Supplemental Data						
Net assets, end of period (000 omitted)	\$ 250,031	\$ 242,677	\$ 220,221	\$ 170,637	\$ 269,769	\$ 219,346
Portfolio turnover rate ^G	4% ^A	5%	6%	6%	5%	6%

^A Annualized

^B Total returns for periods of less than one year are not annualized.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Calculated based on average shares outstanding during the period.

^F Fees and expenses of any 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.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

^H 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.

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

Notes to Financial Statements

For the period ended June 30, 2011 (Unaudited)

1. Organization.

VIP Index 500 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 and Service Class 2 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 distribution and service plan fees incurred. Certain expense reductions may also differ by class.

2. Investments in Fidelity Central Funds.

The Fund invests 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. 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. Subsequent events, if any, through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. 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, 2011, 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.

3. Significant Accounting Policies – continued

Security Valuation – continued

Debt securities, including restricted securities, are valued based on evaluated prices received from independent pricing services or from dealers who make markets in such securities. For U.S. government and government agency obligations, pricing services utilize matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally categorized as Level 2 in the hierarchy.

When independent prices are unavailable or unreliable, debt securities may be valued utilizing pricing matrices which consider similar factors that would be used by independent pricing services. These are generally categorized as Level 2 in the hierarchy but may be Level 3 depending on the circumstances.

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.

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.

Expenses. Expenses directly attributable to a fund are charged to that fund. Expenses attributable to more than one fund are allocated among the respective funds on the basis of relative net assets or other appropriate methods. 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, including 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.

Distributions are declared and 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 future transactions, market discount, deferred trustees compensation and losses deferred due to wash sales. The federal tax cost of investment securities and unrealized appreciation (depreciation) as of period end were as follows:

Gross unrealized appreciation	\$	1,111,717,174
Gross unrealized depreciation		(212,467,027)
Net unrealized appreciation (depreciation) on securities and other investments	\$	899,250,147
Tax cost	\$	1,607,593,429

Under the recently enacted Regulated Investment Company Modernization Act of 2010 (the Act), the Fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to any losses incurred in pre-enactment taxable years, which generally expire after eight years from when they are incurred. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law. The Fund's first fiscal year end subject to the Act will be December 31, 2011.

Notes to Financial Statements (Unaudited) – continued

3. Significant Accounting Policies – continued

New Accounting Pronouncement. In May 2011, the Financial Accounting Standards Board issued Accounting Standard Update No. 2011-04, *Fair Value Measurement (Topic 820)—Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The update changes the wording used to describe the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. The update is effective during interim and annual periods beginning after December 15, 2011. Management is currently evaluating the impact of the update's adoption on the Fund's financial statement disclosures.

4. Derivative Instruments.

Risk Exposures and the Use of Derivative Instruments. The Fund used derivative instruments (derivatives), including futures contracts, in order to meet its investment objectives. The strategy is to use derivatives to increase returns 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 increased or decreased its exposure to the following risks:

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 payments 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. Derivatives involve, to varying degrees, risk of loss in excess of the amounts recognized in the Statement of Assets and Liabilities.

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 used 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.

The underlying face amount at value of open futures contracts at period end 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 arise upon entering into futures contracts, including the risk that an illiquid market limits the ability to close out a futures contract prior to settlement date.

During the period the Fund recognized net realized gain (loss) of \$1,606,536 and a change in net unrealized appreciation (depreciation) of (\$310,763) related to its investment in futures contracts. These amounts are included in the Statement of Operations.

5. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$46,938,420 and \$84,914,267, respectively.

6. Fees and Other Transactions with Affiliates.

Management Fee and Expense Contract. FMR and its affiliates provide the Fund with investment management related services for which the Fund pays a monthly management fee that is based on an annual rate of .10% of the Fund's average net assets. Under the management contract, FMR pays all other fund-level expenses, except the compensation of the independent Trustees and certain other expenses such as interest expense, including commitment fees. In addition, under an expense contract, FMR pays class-level expenses so that total expenses do not exceed .10% of each class' average net assets, excluding the distribution and service fee for each applicable class, with certain exceptions.

6. Fees and Other Transactions with Affiliates – continued

Management Fee and Expense Contract – continued

In July 2011, the Board of Trustees approved an amendment to the management contract lowering the management fee from .10% to .045% of the Fund's average net assets. Under the expense contract, the total expenses will continue to be limited, with certain exceptions, to .10% of each class' average net assets, excluding the distribution and service fee for each applicable class. The new management fee rate will be effective September 1, 2011.

Sub-Adviser. Geode Capital Management, LLC (Geode), serves as sub-adviser for the Fund. Geode provides discretionary investment advisory services to the Fund and is paid by FMR for providing these services.

Distribution and Service Plan Fees. 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 average net assets.

For the period, total fees, all of which were re-allowed to insurance companies for the distribution of shares and providing shareholder support services were as follows:

Service Class	\$	19,416
Service Class 2		315,016
	\$	<u>334,432</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 asset-based fees of .067% of each class' average net assets. Under the expense contract, the classes did not pay transfer agent fees during the period. Effective September 1, 2011, the fee rate will continue to be in effect but, as a result of the amendment to the management contract referenced above, each class will pay a portion of the transfer agent fees equal to an annual rate of .055% of the class' average net assets.

7. Committed Line of Credit.

The Fund participates with other funds managed by FMR or an affiliate in a \$4.0 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 \$3,819 and is reflected in Miscellaneous expenses on the Statement of Operations. During the period, there were no borrowings on this line of credit.

8. 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 rebates paid to borrowers, plus any premium payments received for lending certain types of securities. Security lending income is presented in the Statement of Operations as a component of income from Fidelity Central Funds. Total security lending income during the period amounted to \$192,861.

9. Expense Reductions.

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 expenses by \$16.

Notes to Financial Statements (Unaudited) – continued

10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2011	Year ended December 31, 2010
From net investment income		
Initial Class	\$ —	\$ 35,017,804
Service Class	—	639,120
Service Class 2	—	3,871,340
Total	<u>\$ —</u>	<u>\$ 39,528,264</u>
From net realized gain		
Initial Class	\$ 44,043,562	\$ 33,213,569
Service Class	850,768	619,294
Service Class 2	5,607,297	4,188,802
Total	<u>\$ 50,501,627</u>	<u>\$ 38,021,665</u>

11. Share Transactions.

Transactions for each class of shares were as follows:

	Shares		Dollars	
	Six months ended June 30, 2011	Year ended December 31, 2010	Six months ended June 30, 2011	Year ended December 31, 2010
Initial Class				
Shares sold	603,657	1,562,668	\$ 81,997,399	\$ 191,691,853
Reinvestment of distributions	325,862	564,289	44,043,562	68,231,373
Shares redeemed	(1,100,553)	(2,317,208)	(149,767,932)	(279,458,721)
Net increase (decrease)	<u>(171,034)</u>	<u>(190,251)</u>	<u>\$ (23,726,971)</u>	<u>\$ (19,535,495)</u>
Service Class				
Shares sold	13,443	33,640	\$ 1,822,173	\$ 4,058,019
Reinvestment of distributions	6,311	10,441	850,768	1,258,414
Shares redeemed	(14,714)	(36,392)	(2,001,051)	(4,366,671)
Net increase (decrease)	<u>5,040</u>	<u>7,689</u>	<u>\$ 671,890</u>	<u>\$ 949,762</u>
Service Class 2				
Shares sold	142,421	337,917	\$ 19,199,466	\$ 40,695,508
Reinvestment of distributions	41,845	67,549	5,607,297	8,060,142
Shares redeemed	(193,081)	(412,564)	(26,032,457)	(49,221,936)
Net increase (decrease)	<u>(8,815)</u>	<u>(7,098)</u>	<u>\$ (1,225,694)</u>	<u>\$ (466,286)</u>

12. 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, FMR or its affiliates were the owners of record of 33% of the total outstanding shares of the Fund.

Investment Adviser

Fidelity Management & Research Company
Boston, MA

Investment Sub-Advisers

FMR Co., Inc.
Geode Capital Management, LLC

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

The Bank of New York Mellon
New York, NY