

# **Fidelity® Variable Insurance Products: Equity-Income Portfolio**



**Semiannual Report**  
**June 30, 2009**



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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.

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.*

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*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, 2009 to June 30, 2009).

## 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, 2009	Ending Account Value June 30, 2009	Expenses Paid During Period* January 1, 2009 to June 30, 2009
<b>Initial Class</b>	.59%			
Actual .....		\$ 1,000.00	\$ 1,047.80	\$ 3.00
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,021.87	\$ 2.96
<b>Service Class</b>	.69%			
Actual .....		\$ 1,000.00	\$ 1,047.20	\$ 3.50
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,021.37	\$ 3.46
<b>Service Class 2</b>	.84%			
Actual .....		\$ 1,000.00	\$ 1,046.90	\$ 4.26
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,020.63	\$ 4.21
<b>Service Class 2R</b>	.84%			
Actual .....		\$ 1,000.00	\$ 1,047.20	\$ 4.26
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,020.63	\$ 4.21
<b>Investor Class</b>	.70%			
Actual .....		\$ 1,000.00	\$ 1,047.90	\$ 3.55
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,021.32	\$ 3.51

<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, 2009

	% of fund's net assets	% of fund's net assets 6 months ago
JPMorgan Chase & Co.	3.7	3.4
AT&T, Inc.	3.5	4.1
Exxon Mobil Corp.	3.4	4.9
Wells Fargo & Co.	3.3	3.2
Bank of America Corp.	3.0	2.5
Chevron Corp.	3.0	3.5
Verizon Communications, Inc.	1.8	2.1
Wyeth	1.7	1.2
Goldman Sachs Group, Inc.	1.7	0.6
ConocoPhillips	1.6	2.0
	<u>26.7</u>	

## Top Five Market Sectors as of June 30, 2009

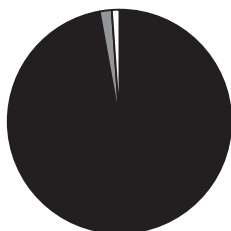
	% of fund's net assets	% of fund's net assets 6 months ago
Financials	25.3	23.0
Energy	15.3	18.3
Consumer Discretionary	13.5	12.2
Information Technology	8.9	8.2
Health Care	8.7	9.1

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

As of June 30, 2009\*

■ Stocks	97.2%
■ Bonds	1.8%
□ Short-Term Investments and Net Other Assets	1.0%

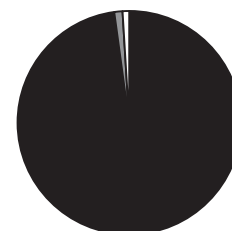
\* Foreign investments 10.8%



As of December 31, 2008\*\*

■ Stocks	98.5%
■ Bonds	1.2%
□ Short-Term Investments and Net Other Assets	0.3%

\*\* Foreign investments 10.6%



# Investments June 30, 2009 (Unaudited)

Showing Percentage of Net Assets

## Common Stocks — 95.4%

	Shares	Value
<b>CONSUMER DISCRETIONARY — 12.6%</b>		
<b>Auto Components — 1.4%</b>		
Gentex Corp. ....	561,936	\$ 6,518,458
Johnson Controls, Inc. ....	1,490,110	32,365,189
Magna International, Inc. Class A ....	129,600	5,498,891
The Goodyear Tire & Rubber Co. (a) ...	2,247,200	25,303,472
		<u>69,686,010</u>
<b>Automobiles — 0.5%</b>		
Fiat SpA (a) ....	954,377	9,585,125
Ford Motor Co. (a) ....	676,891	4,108,728
Harley-Davidson, Inc. (e) ....	802,750	13,012,578
Winnebago Industries, Inc. ....	144,011	1,070,002
		<u>27,776,433</u>
<b>Diversified Consumer Services — 0.7%</b>		
H&R Block, Inc. ....	1,966,986	33,891,169
<b>Hotels, Restaurants &amp; Leisure — 0.6%</b>		
Las Vegas Sands Corp. unit ....	112,000	14,792,960
Starbucks Corp. (a) ....	1,335,700	18,552,873
		<u>33,345,833</u>
<b>Household Durables — 1.6%</b>		
Black & Decker Corp. ....	327,151	9,376,148
Centex Corp. ....	963,300	8,149,518
KB Home ....	178,100	2,436,408
Lennar Corp. Class A ....	340,500	3,299,445
Newell Rubbermaid, Inc. ....	1,699,520	17,692,003
Pulte Homes, Inc. ....	726,551	6,415,445
The Stanley Works ....	278,036	9,408,738
Whirlpool Corp. ....	549,334	23,379,655
		<u>80,157,360</u>
<b>Internet &amp; Catalog Retail — 0.1%</b>		
Liberty Media Corp. Interactive Series A (a) ....	845,069	4,233,796
<b>Leisure Equipment &amp; Products — 0.1%</b>		
Brunswick Corp. ....	1,013,757	4,379,430
<b>Media — 2.9%</b>		
Ascent Media Corp. (a) ....	45,847	1,218,613
Belo Corp. Series A ....	952,224	1,704,481
CC Media Holdings, Inc. Class A (a) ...	693,958	693,958
Comcast Corp. Class A ....	2,224,736	32,236,425
DreamWorks Animation SKG, Inc. Class A (a) ....	66,800	1,843,012
Informa PLC ....	1,802,640	6,494,693
Interpublic Group of Companies, Inc. (a)	1,137,000	5,741,850
Liberty Global, Inc. Class A (a) ....	503,612	8,002,395
Scripps Networks Interactive, Inc. Class A	192,886	5,368,017
The Walt Disney Co. ....	1,112,400	25,952,292
Time Warner, Inc. ....	1,567,983	39,497,492
Viacom, Inc. Class B (non-vtg.) (a) ....	445,400	10,110,580
Virgin Media, Inc. ....	906,431	8,475,130
		<u>147,338,938</u>

	Shares	Value
<b>Multiline Retail — 1.9%</b>		
Kohl's Corp. (a) ....	1,043,953	\$ 44,628,991
Macy's, Inc. ....	844,900	9,936,024
Target Corp. ....	993,700	39,221,339
Tuesday Morning Corp. (a) ....	445,123	1,500,065
		<u>95,286,419</u>
<b>Specialty Retail — 2.8%</b>		
Home Depot, Inc. ....	2,343,600	55,379,268
Lowe's Companies, Inc. ....	1,022,078	19,838,534
OfficeMax, Inc. ....	513,300	3,223,524
RadioShack Corp. ....	368,100	5,138,676
Staples, Inc. ....	1,795,345	36,212,109
Tiffany & Co., Inc. ....	572,345	14,514,669
Williams-Sonoma, Inc. ....	477,400	5,666,738
		<u>139,973,518</u>
<b>Textiles, Apparel &amp; Luxury Goods — 0.0%</b>		
Liz Claiborne, Inc. ....	668,615	1,925,611
		<u>1,925,611</u>
<b>TOTAL CONSUMER DISCRETIONARY</b> .....		<u>637,994,517</u>
<b>CONSUMER STAPLES — 6.1%</b>		
<b>Beverages — 1.3%</b>		
Carlsberg AS Series B ....	489,873	31,421,932
The Coca-Cola Co. ....	754,265	36,197,177
		<u>67,619,109</u>
<b>Food &amp; Staples Retailing — 1.3%</b>		
CVS Caremark Corp. ....	606,005	19,313,379
Wal-Mart Stores, Inc. ....	628,463	30,442,748
Walgreen Co. ....	370,849	10,902,961
Winn-Dixie Stores, Inc. (a) ....	435,720	5,463,929
		<u>66,123,017</u>
<b>Food Products — 1.0%</b>		
Marine Harvest ASA (a)(e) ....	16,379,000	11,000,479
Nestle SA (Reg.) ....	632,826	23,835,825
Tyson Foods, Inc. Class A ....	1,240,027	15,636,740
		<u>50,473,044</u>
<b>Household Products — 1.2%</b>		
Kimberly-Clark Corp. ....	477,700	25,045,811
Procter & Gamble Co. ....	649,142	33,171,156
		<u>58,216,967</u>
<b>Personal Products — 0.4%</b>		
Avon Products, Inc. ....	873,658	22,522,903
<b>Tobacco — 0.9%</b>		
Philip Morris International, Inc. ....	1,006,905	43,921,196
		<u>43,921,196</u>
<b>TOTAL CONSUMER STAPLES</b> .....		<u>308,876,236</u>
<b>ENERGY — 15.3%</b>		
<b>Energy Equipment &amp; Services — 2.7%</b>		
BJ Services Co. ....	400,724	5,461,868
Halliburton Co. ....	799,295	16,545,407
Nabors Industries Ltd. (a) ....	947,513	14,762,253

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

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>ENERGY – continued</b>		
<b>Energy Equipment &amp; Services – continued</b>		
Noble Corp. ....	1,330,468	\$ 40,246,657
Pride International, Inc. (a) ....	410,300	10,282,118
Schlumberger Ltd. (NY Shares) ....	917,657	49,654,420
		<u>136,952,723</u>
<b>Oil, Gas &amp; Consumable Fuels – 12.6%</b>		
Anadarko Petroleum Corp. ....	183,500	8,329,065
Apache Corp. ....	380,380	27,444,417
Chevron Corp. ....	2,256,529	149,495,046
ConocoPhillips ....	1,969,810	82,850,209
CONSOL Energy, Inc. ....	226,690	7,698,392
Devon Energy Corp. ....	144,700	7,886,150
EOG Resources, Inc. ....	467,000	31,718,640
Exxon Mobil Corp. ....	2,440,330	170,603,470
Hess Corp. ....	90,700	4,875,125
Marathon Oil Corp. ....	606,800	18,282,884
Occidental Petroleum Corp. ....	693,009	45,606,922
Peabody Energy Corp. ....	222,361	6,706,408
Royal Dutch Shell PLC:		
Class A sponsored ADR ....	1,009,300	50,656,767
Class B ADR ....	232,200	11,809,692
Williams Companies, Inc. ....	782,300	12,211,703
		<u>636,174,890</u>
TOTAL ENERGY .....		<u>773,127,613</u>
<b>FINANCIALS – 24.3%</b>		
<b>Capital Markets – 6.0%</b>		
Bank of New York Mellon Corp. ....	2,412,295	70,704,366
Credit Suisse Group sponsored ADR ...	676,600	30,940,918
Goldman Sachs Group, Inc. ....	580,394	85,573,291
KKR Private Equity Investors, LP Restricted Depository Units (a)(f) ....	601,500	3,609,000
Morgan Stanley ....	2,435,577	69,438,300
State Street Corp. ....	363,980	17,179,856
T. Rowe Price Group, Inc. ....	69,500	2,896,065
UBS AG:		
(For. Reg.) (a) ....	657,300	8,071,717
(NY Shares) (a) ....	1,106,200	13,506,702
		<u>301,920,215</u>
<b>Commercial Banks – 6.4%</b>		
Associated Banc-Corp. ....	1,137,055	14,213,188
Comerica, Inc. ....	506,000	10,701,900
Huntington Bancshares, Inc. ....	609,700	2,548,546
KeyCorp ....	3,193,400	16,733,416
Mitsubishi UFJ Financial Group, Inc. sponsored ADR ....	3,542,625	21,751,718
PNC Financial Services Group, Inc. ...	1,322,730	51,335,151
Sterling Financial Corp., Washington (e)	732,527	2,131,654
SunTrust Banks, Inc. ....	418,400	6,882,680

	Shares	Value
U.S. Bancorp, Delaware .....	1,660,138	\$ 29,749,673
Wells Fargo & Co. ....	6,914,709	167,750,840
		<u>323,798,766</u>
<b>Consumer Finance – 1.1%</b>		
Capital One Financial Corp. ....	890,199	19,477,554
Discover Financial Services .....	2,519,369	25,873,920
Promise Co. Ltd. ....	332,700	4,258,256
SLM Corp. (a) ....	904,032	9,284,409
		<u>58,894,139</u>
<b>Diversified Financial Services – 7.0%</b>		
Bank of America Corp. ....	11,432,479	150,908,723
CIT Group, Inc. ....	1,322,497	2,843,369
Citigroup, Inc. (e) .....	2,080,703	6,179,688
CME Group, Inc. ....	16,146	5,023,182
JPMorgan Chase & Co. ....	5,487,812	187,189,263
		<u>352,144,225</u>
<b>Insurance – 2.6%</b>		
ACE Ltd. ....	674,496	29,832,958
Hartford Financial Services Group, Inc.	583,700	6,928,519
Lincoln National Corp. ....	337,500	5,808,375
MBIA, Inc. (a) ....	414,697	1,795,638
MetLife, Inc. ....	497,173	14,920,162
Montpelier Re Holdings Ltd. ....	1,088,000	14,459,520
PartnerRe Ltd. ....	332,524	21,597,434
The Travelers Companies, Inc. ....	720,596	29,573,260
XL Capital Ltd. Class A .....	560,002	6,417,623
		<u>131,333,489</u>
<b>Real Estate Investment Trusts – 0.6%</b>		
Annaly Capital Management, Inc. ....	606,500	9,182,410
Developers Diversified Realty Corp. ...	439,967	2,147,039
HCP, Inc. ....	575,400	12,192,726
Senior Housing Properties Trust (SBI) ...	492,956	8,045,042
		<u>31,567,217</u>
<b>Real Estate Management &amp; Development – 0.4%</b>		
CB Richard Ellis Group, Inc. Class A (a)	2,107,041	19,721,904
<b>Thriffs &amp; Mortgage Finance – 0.2%</b>		
New York Community Bancorp, Inc. (e) .	876,220	9,366,792
Washington Mutual, Inc. ....	574,300	58,004
		<u>9,424,796</u>
TOTAL FINANCIALS .....		<u>1,228,804,751</u>
<b>HEALTH CARE – 8.3%</b>		
<b>Biotechnology – 0.6%</b>		
Amgen, Inc. (a) ....	567,622	30,049,909
<b>Health Care Equipment &amp; Supplies – 0.8%</b>		
Boston Scientific Corp. (a) .....	2,033,862	20,623,361
Covidien PLC .....	528,536	19,788,388
		<u>40,411,749</u>

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

## Common Stocks – continued

	Shares	Value
<b>HEALTH CARE – continued</b>		
<b>Health Care Providers &amp; Services – 0.3%</b>		
Brookdale Senior Living, Inc. ....	715,901	\$ 6,972,876
Fresenius Medical Care AG & Co. KGaA	166,400	7,443,422
		<u>14,416,298</u>
<b>Pharmaceuticals – 6.6%</b>		
Abbott Laboratories .....	332,300	15,631,392
Bristol-Myers Squibb Co. ....	1,039,900	21,120,369
Johnson & Johnson .....	1,000,829	56,847,087
Merck & Co., Inc. ....	1,451,900	40,595,124
Pfizer, Inc. ....	5,488,400	82,326,000
Schering-Plough Corp. ....	1,387,136	34,844,856
Wyeth .....	1,900,900	86,281,851
		<u>337,646,679</u>
TOTAL HEALTH CARE .....		<u>422,524,635</u>
<b>INDUSTRIALS – 8.4%</b>		
<b>Aerospace &amp; Defense – 2.6%</b>		
General Dynamics Corp. ....	168,700	9,344,293
Honeywell International, Inc. ....	1,533,125	48,140,125
Spirit AeroSystems Holdings, Inc. Class A (a) .....	769,882	10,578,179
The Boeing Co. ....	511,684	21,746,570
United Technologies Corp. ....	799,040	41,518,118
		<u>131,327,285</u>
<b>Building Products – 0.2%</b>		
Masco Corp. ....	1,269,200	12,158,936
<b>Commercial Services &amp; Supplies – 0.3%</b>		
Avery Dennison Corp. ....	367,602	9,440,019
Republic Services, Inc. ....	202,739	4,948,859
		<u>14,388,878</u>
<b>Electrical Equipment – 0.1%</b>		
Cooper Industries Ltd. Class A .....	135,100	4,194,855
Rockwell Automation, Inc. ....	101,300	3,253,756
		<u>7,448,611</u>
<b>Industrial Conglomerates – 2.6%</b>		
General Electric Co. ....	4,344,277	50,914,926
Rheinmetall AG .....	292,133	12,641,558
Siemens AG sponsored ADR .....	532,200	36,822,918
Textron, Inc. ....	1,337,600	12,921,216
Tyco International Ltd. ....	601,736	15,633,101
		<u>128,933,719</u>
<b>Machinery – 2.1%</b>		
Briggs & Stratton Corp. ....	1,046,088	13,954,814
Caterpillar, Inc. ....	101,800	3,363,472
Cummins, Inc. ....	417,900	14,714,259
Danaher Corp. ....	299,400	18,484,956
Eaton Corp. ....	384,500	17,152,545
Illinois Tool Works, Inc. ....	294,800	11,007,832
Ingersoll-Rand Co. Ltd. Class A .....	582,088	12,165,639

	Shares	Value
Kennametal, Inc. ....	438,691	\$ 8,414,093
Vallourec SA (e) .....	41,500	5,037,089
		<u>104,294,699</u>
<b>Road &amp; Rail – 0.5%</b>		
Burlington Northern Santa Fe Corp. ...	89,300	6,567,122
CSX Corp. ....	135,100	4,678,513
Union Pacific Corp. ....	266,500	13,873,990
		<u>25,119,625</u>
TOTAL INDUSTRIALS .....		<u>423,671,753</u>
<b>INFORMATION TECHNOLOGY – 8.6%</b>		
<b>Communications Equipment – 1.1%</b>		
Cisco Systems, Inc. (a) .....	2,201,080	41,028,131
Motorola, Inc. ....	2,139,412	14,184,302
		<u>55,212,433</u>
<b>Computers &amp; Peripherals – 1.5%</b>		
Dell, Inc. (a) .....	500,700	6,874,611
Hewlett-Packard Co. ....	1,224,965	47,344,897
International Business Machines Corp. .	204,300	21,333,006
		<u>75,552,514</u>
<b>Electronic Equipment &amp; Components – 1.2%</b>		
Arrow Electronics, Inc. (a) .....	833,400	17,701,416
Avnet, Inc. (a) .....	1,038,554	21,840,791
Tyco Electronics Ltd. ....	1,197,936	22,269,630
		<u>61,811,837</u>
<b>IT Services – 0.1%</b>		
MoneyGram International, Inc. (a) .....	895,100	1,593,278
The Western Union Co. ....	294,281	4,826,208
		<u>6,419,486</u>
<b>Office Electronics – 0.1%</b>		
Xerox Corp. ....	1,034,035	6,700,547
<b>Semiconductors &amp; Semiconductor Equipment – 3.3%</b>		
Analog Devices, Inc. ....	863,800	21,404,964
Applied Materials, Inc. ....	2,099,600	23,032,612
Atmel Corp. (a) .....	766,800	2,860,164
Intel Corp. ....	3,503,400	57,981,270
Micron Technology, Inc. (a) .....	1,507,800	7,629,468
National Semiconductor Corp. ....	1,714,847	21,521,330
Novellus Systems, Inc. (a) .....	721,139	12,043,021
Teradyne, Inc. (a) .....	1,659,200	11,382,112
Varian Semiconductor Equipment Associates, Inc. (a) .....	296,000	7,101,040
		<u>164,955,981</u>
<b>Software – 1.3%</b>		
Microsoft Corp. ....	1,468,560	34,907,671
Oracle Corp. ....	843,108	18,059,373
Symantec Corp. (a) .....	619,233	9,635,265
		<u>62,602,309</u>
TOTAL INFORMATION TECHNOLOGY .....		<u>433,255,107</u>

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

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>MATERIALS – 1.6%</b>		
<b>Chemicals – 0.9%</b>		
Celanese Corp. Class A .....	409,200	\$ 9,718,500
Dow Chemical Co. ....	432,700	6,983,778
E.I. du Pont de Nemours & Co. ....	786,800	20,157,816
H.B. Fuller Co. ....	384,613	7,219,186
		<u>44,079,280</u>
<b>Metals &amp; Mining – 0.7%</b>		
Alcoa, Inc. ....	1,241,171	12,821,296
Commercial Metals Co. ....	473,355	7,587,881
Freeport-McMoRan Copper & Gold, Inc. Class B .....	84,300	4,224,273
Nucor Corp. ....	250,800	11,143,044
		<u>35,776,494</u>
TOTAL MATERIALS .....		<u>79,855,774</u>
<b>TELECOMMUNICATION SERVICES – 6.6%</b>		
<b>Diversified Telecommunication Services – 5.9%</b>		
AT&T, Inc. ....	7,071,669	175,660,258
Qwest Communications International, Inc. ....	7,838,900	32,531,435
Verizon Communications, Inc. ....	2,949,102	90,625,904
		<u>298,817,597</u>
<b>Wireless Telecommunication Services – 0.7%</b>		
Sprint Nextel Corp. (a) .....	3,678,878	17,695,403
Vodafone Group PLC sponsored ADR ..	879,087	17,133,406
		<u>34,828,809</u>
TOTAL TELECOMMUNICATION SERVICES .....		<u>333,646,406</u>
<b>UTILITIES – 3.6%</b>		
<b>Electric Utilities – 1.8%</b>		
Allegheny Energy, Inc. ....	1,060,904	27,212,188
Energy Corp. ....	383,159	29,702,486
Exelon Corp. ....	590,400	30,234,384
Southern Co. ....	50,700	1,579,812
		<u>88,728,870</u>
<b>Independent Power Producers &amp; Energy Traders – 0.5%</b>		
AES Corp. ....	2,329,758	27,048,490
<b>Multi-Utilities – 1.3%</b>		
Public Service Enterprise Group, Inc. ..	1,266,300	41,319,369
Wisconsin Energy Corp. ....	634,600	25,834,566
		<u>67,153,935</u>
TOTAL UTILITIES .....		<u>182,931,295</u>
<b>TOTAL COMMON STOCKS</b> (Cost \$5,680,381,342) .....		<b>4,824,688,087</b>

### Convertible Preferred Stocks – 1.8%

	Shares	Value
<b>CONSUMER DISCRETIONARY – 0.0%</b>		
<b>Automobiles – 0.0%</b>		
General Motors Corp. Series C, 6.25% .	471,200	\$ 1,333,496
<b>FINANCIALS – 0.9%</b>		
<b>Capital Markets – 0.3%</b>		
Legg Mason, Inc. 7.00% .....	542,900	13,639,820
<b>Commercial Banks – 0.2%</b>		
Huntington Bancshares, Inc. 8.50% ....	9,000	6,534,000
Wells Fargo & Co. 7.50% .....	2,990	2,347,060
		<u>8,881,060</u>
<b>Diversified Financial Services – 0.3%</b>		
CIT Group, Inc. Series C, 8.75% .....	81,800	1,410,814
Citigroup, Inc. Series T, 6.50% .....	384,449	12,903,070
		<u>14,313,884</u>
<b>Insurance – 0.1%</b>		
American International Group, Inc. Series A, 8.50% .....	469,454	4,469,202
Assured Guaranty Ltd. 8.50% (a) .....	67,700	3,689,650
		<u>8,158,852</u>
TOTAL FINANCIALS .....		<u>44,993,616</u>
<b>HEALTH CARE – 0.4%</b>		
<b>Pharmaceuticals – 0.4%</b>		
Schering-Plough Corp. 6.00% .....	93,000	21,090,540
<b>MATERIALS – 0.5%</b>		
<b>Chemicals – 0.1%</b>		
Celanese Corp. 4.25% .....	111,200	3,493,904
<b>Metals &amp; Mining – 0.4%</b>		
Freeport-McMoRan Copper & Gold, Inc. 6.75% .....	232,700	18,383,300
TOTAL MATERIALS .....		<u>21,877,204</u>
<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b> (Cost \$150,831,173) .....		<b>89,294,856</b>

### Corporate Bonds – 1.8%

	Principal Amount	
<b>Convertible Bonds – 1.7%</b>		
<b>CONSUMER DISCRETIONARY – 0.9%</b>		
<b>Auto Components – 0.1%</b>		
Johnson Controls, Inc. 6.5% 9/30/12 .....	\$ 3,460,000	6,980,833
<b>Diversified Consumer Services – 0.0%</b>		
Ingersoll-Rand Global Holding Co. Ltd. 4.5% 4/15/12 .....	1,270,000	1,703,070
<b>Household Durables – 0.1%</b>		
Newell Rubbermaid, Inc. 5.5% 3/15/14 .....	1,460,000	2,060,994

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

## Corporate Bonds – continued

	Principal Amount	Value
<b>Convertible Bonds – continued</b>		
<b>CONSUMER DISCRETIONARY – continued</b>		
<b>Media – 0.7%</b>		
Liberty Media Corp.:		
3.5% 1/15/31 .....	\$ 257,246	\$ 138,836
4% 11/15/29 (f) .....	4,750,000	1,425,000
3.5% 1/15/31 (f) .....	9,412,957	5,080,192
News America, Inc. liquid yield option note:		
0% 2/28/21 (f) .....	22,670,000	14,055,400
0% 2/28/21 .....	3,490,000	2,163,800
Virgin Media, Inc. 6.5% 11/15/16 (f) .....	15,354,000	11,993,009
		<u>34,856,237</u>
TOTAL CONSUMER DISCRETIONARY .....		<u>45,601,134</u>
<b>FINANCIALS – 0.1%</b>		
<b>Thriffs &amp; Mortgage Finance – 0.1%</b>		
MGIC Investment Corp. 9% 4/1/63 (d)(f) .....	10,438,000	4,331,770
<b>INDUSTRIALS – 0.1%</b>		
<b>Airlines – 0.1%</b>		
UAL Corp.:		
4.5% 6/30/21 (f) .....	8,490,000	2,759,250
4.5% 6/30/21 .....	280,000	91,000
		<u>2,850,250</u>
<b>Industrial Conglomerates – 0.0%</b>		
Textron, Inc. 4.5% 5/1/13 .....	1,920,000	1,926,336
<b>Road &amp; Rail – 0.0%</b>		
Hertz Global Holdings, Inc. 5.25% 6/1/14 .....	1,350,000	1,530,459
TOTAL INDUSTRIALS .....		<u>6,307,045</u>
<b>INFORMATION TECHNOLOGY – 0.3%</b>		
<b>Semiconductors &amp; Semiconductor Equipment – 0.3%</b>		
Advanced Micro Devices, Inc.:		
6% 5/1/15 (f) .....	14,340,000	6,722,592
6% 5/1/15 .....	4,780,000	2,240,864
Micron Technology, Inc.:		
1.875% 6/1/14 .....	2,570,000	1,507,331
4.25% 10/15/13 .....	1,870,000	2,204,263
		<u>12,675,050</u>

	Principal Amount	Value
<b>MATERIALS – 0.3%</b>		
<b>Metals &amp; Mining – 0.3%</b>		
Alcoa, Inc. 5.25% 3/15/14 .....	\$ 3,240,000	\$ 5,690,250
ArcelorMittal SA 5% 5/15/14 .....	2,670,000	3,378,084
United States Steel Corp. 4% 5/15/14 .....	4,470,000	5,850,113
		<u>14,918,447</u>
<b>TOTAL CONVERTIBLE BONDS .....</b>		<b><u>83,833,446</u></b>
<b>Nonconvertible Bonds – 0.1%</b>		
<b>MATERIALS – 0.1%</b>		
<b>Chemicals – 0.1%</b>		
Hercules, Inc. 6.5% 6/30/29 unit .....	15,700,000	7,386,850
<b>TOTAL CORPORATE BONDS (Cost \$115,958,467) .....</b>		<b><u>91,220,296</u></b>

## Money Market Funds – 1.5%

	Shares	
Fidelity Cash Central Fund, 0.40% (b) .....	42,368,159	42,368,159
Fidelity Securities Lending Cash Central Fund, 0.22% (b)(c) .....	31,829,460	31,829,460
<b>TOTAL MONEY MARKET FUNDS (Cost \$74,197,619) .....</b>		<b><u>74,197,619</u></b>
<b>TOTAL INVESTMENT PORTFOLIO – 100.5%</b>		
(Cost \$6,021,368,601) .....		<b>5,079,400,858</b>
<b>NET OTHER ASSETS – (0.5)% .....</b>		<b><u>(24,305,997)</u></b>
<b>NET ASSETS – 100% .....</b>		<b><u>\$ 5,055,094,861</u></b>

## 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.
- (c) Investment made with cash collateral received from securities on loan.
- (d) Non-income producing – Issuer is in default.
- (e) Security or a portion of the security is on loan at period end.
- (f) 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 \$49,976,213 or 1.0% of net assets.

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

## Investments (Unaudited) – continued

### 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	\$ 74,563
Fidelity Securities Lending Cash Central Fund	1,563,689
Total	<u>\$ 1,638,252</u>

### Other Information

The following is a summary of the inputs used, as of June 30, 2009, 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	\$ 639,328,013	\$ 623,201,557	\$ 16,126,456	\$ —
Consumer Staples	308,876,236	308,876,236	—	—
Energy	773,127,613	773,127,613	—	—
Financials	1,273,798,367	1,234,083,296	39,715,071	—
Health Care	443,615,175	422,524,635	21,090,540	—
Industrials	423,671,753	423,671,753	—	—
Information Technology	433,255,107	433,255,107	—	—
Materials	101,732,978	79,855,774	21,877,204	—
Telecommunication Services	333,646,406	333,646,406	—	—
Utilities	182,931,295	182,931,295	—	—
Corporate Bonds	91,220,296	—	91,220,296	—
Money Market Funds	74,197,619	74,197,619	—	—
<b>Total Investments in Securities</b>	<u>\$ 5,079,400,858</u>	<u>\$ 4,889,371,291</u>	<u>\$ 190,029,567</u>	<u>\$ —</u>

The following is a reconciliation of assets or liabilities for which level 3 inputs were used in determining value:

<b>Investments in Securities</b>	
Beginning Balance	\$ 11,592,000
Total Realized Gain (Loss)	—
Total Unrealized Gain (Loss)	3,200,960
Cost of Purchases	—
Proceeds of Sales	—
Amortization/Accretion	—
Transfers in/out of Level 3	(14,792,960)
Ending Balance	<u>\$ —</u>
Total unrealized gain (loss) on investments held at June 30, 2009	<u>\$ —</u>

The information used in the above reconciliation represents fiscal year to date activity for any Investment 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 represents either the beginning value (for transfers in), or the ending value (for transfers out) of any Security or Instrument where a change in the pricing level occurred from the beginning to the end of the period.

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

United States of America	89.2%
Switzerland	3.3%
United Kingdom	1.7%
Bermuda	1.4%
Germany	1.2%
Netherlands Antilles	1.0%
Others (individually less than 1%)	2.2%
	<u>100.0%</u>

### Income Tax Information

At December 31, 2008, the fund had a capital loss carryforward of approximately \$237,582,450 all of which will expire on December 31, 2016.

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

# Financial Statements

## Statement of Assets and Liabilities

June 30, 2009 (Unaudited)

### Assets

Investment in securities, at value (including securities loaned of \$29,842,792) — See accompanying schedule:		
Unaffiliated issuers (cost \$5,947,170,982) .....	\$5,005,203,239	
Fidelity Central Funds (cost \$74,197,619) .....	74,197,619	
Total Investments (cost \$6,021,368,601) .....	\$5,079,400,858	
Cash .....	255,125	
Receivable for investments sold .....	18,621,859	
Receivable for fund shares sold .....	860,156	
Dividends receivable .....	6,795,786	
Interest receivable .....	722,709	
Distributions receivable from Fidelity Central Funds .....	375,691	
Prepaid expenses .....	32,190	
Other receivables .....	198,228	
<b>Total assets</b> .....	<u>5,107,262,602</u>	

### Liabilities

Payable for investments purchased . \$	12,226,081	
Payable for fund shares redeemed ..	5,029,284	
Accrued management fee .....	1,985,416	
Distribution fees payable .....	315,180	
Other affiliated payables .....	397,187	
Other payables and accrued expenses .....	385,133	
Collateral on securities loaned, at value .....	31,829,460	
<b>Total liabilities</b> .....	<u>52,167,741</u>	

<b>Net Assets</b> .....	<u>\$5,055,094,861</u>	
Net Assets consist of:		
Paid in capital .....	\$6,583,142,870	
Undistributed net investment income	64,105,569	
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions .	(650,184,816)	
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies .....	(941,968,762)	
<b>Net Assets</b> .....	<u>\$5,055,094,861</u>	

## Statement of Assets and Liabilities – continued

June 30, 2009 (Unaudited)

### Initial Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$3,218,005,930 ÷ 233,302,594 shares) .....	<u>\$ 13.79</u>
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### Service Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$377,726,495 ÷ 27,482,177 shares) .....	<u>\$ 13.74</u>
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### Service Class 2:

<b>Net Asset Value</b> , offering price and redemption price per share (\$1,334,877,360 ÷ 98,225,665 shares) .....	<u>\$ 13.59</u>
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### Service Class 2R:

<b>Net Asset Value</b> , offering price and redemption price per share (\$4,735,718 ÷ 350,205 shares) ..	<u>\$ 13.52</u>
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### Investor Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$119,749,358 ÷ 8,704,093 shares) .....	<u>\$ 13.76</u>
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See accompanying notes which are an integral part of the financial statements.

## Financial Statements – continued

### Statement of Operations

Six months ended June 30, 2009 (Unaudited)

<b>Investment Income</b>		
Dividends		\$ 78,684,418
Interest		3,388,742
Income from Fidelity Central Funds		1,638,252
<b>Total income</b>		<u>83,711,412</u>
<b>Expenses</b>		
Management fee	\$ 10,913,211	
Transfer agent fees	2,075,983	
Distribution fees	1,715,578	
Accounting and security lending fees	600,525	
Custodian fees and expenses	40,363	
Independent trustees' compensation	18,967	
Appreciation in deferred trustee compensation account	72	
Audit	40,248	
Legal	5,402	
Interest	3,700	
Miscellaneous	218,452	
Total expenses before reductions	15,632,501	
Expense reductions	(6,169)	15,626,332
<b>Net investment income (loss)</b>		<u>68,085,080</u>
<b>Realized and Unrealized Gain (Loss)</b>		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers	(353,043,252)	
Foreign currency transactions	(91,438)	
Total net realized gain (loss)		(353,134,690)
Change in net unrealized appreciation (depreciation) on:		
Investment securities	481,302,553	
Assets and liabilities in foreign currencies	1,582	
Total change in net unrealized appreciation (depreciation)		481,304,135
<b>Net gain (loss)</b>		<u>128,169,445</u>
<b>Net increase (decrease) in net assets resulting from operations</b>		<u>\$ 196,254,525</u>

### Statement of Changes in Net Assets

	Six months ended June 30, 2009 (Unaudited)	Year ended December 31, 2008
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income (loss)	\$ 68,085,080	\$ 188,293,003
Net realized gain (loss)	(353,134,690)	(284,674,239)
Change in net unrealized appreciation (depreciation)	481,304,135	(4,122,622,475)
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>196,254,525</u>	<u>(4,219,003,711)</u>
Distributions to shareholders from net investment income	(6,586,996)	(186,575,269)
Distributions to shareholders from net realized gain	—	(8,976,342)
<b>Total distributions</b>	<u>(6,586,996)</u>	<u>(195,551,611)</u>
Share transactions – net increase (decrease)	(311,845,780)	(1,357,103,153)
Redemption fees	269	1,769
<b>Total increase (decrease) in net assets</b>	<u>(122,177,982)</u>	<u>(5,771,656,706)</u>
<b>Net Assets</b>		
Beginning of period	5,177,272,843	10,948,929,549
End of period (including undistributed net investment income of \$64,105,569 and undistributed net investment income of \$2,607,485, respectively)	<u>\$5,055,094,861</u>	<u>\$5,177,272,843</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, 2009 (Unaudited)	2008	2007	2006	2005	2004
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 13.18	\$ 23.91	\$ 26.20	\$ 25.49	\$ 25.37	\$ 23.18
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.18	.47	.47	.45	.42	.40
Net realized and unrealized gain (loss)	.45	(10.67)	(.05) <sup>H</sup>	4.37	1.00	2.24
Total from investment operations	.63	(10.20)	.42	4.82	1.42	2.64
Distributions from net investment income	(.02)	(.51)	(.50)	(.89)	(.41)	(.36)
Distributions from net realized gain	—	(.02)	(2.21)	(3.22)	(.89)	(.09)
Total distributions	(.02)	(.53)	(2.71)	(4.11)	(1.30)	(.45)
Redemption fees added to paid in capital <sup>E, J</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 13.79	\$ 13.18	\$ 23.91	\$ 26.20	\$ 25.49	\$ 25.37
<b>Total Return<sup>B, C, D</sup></b>	4.78%	(42.65)%	1.53%	20.19%	5.87%	11.53%
<b>Ratios to Average Net Assets<sup>F, I</sup></b>						
Expenses before reductions	.59% <sup>A</sup>	.57%	.55%	.57%	.56%	.58%
Expenses net of fee waivers, if any	.59% <sup>A</sup>	.57%	.55%	.57%	.56%	.58%
Expenses net of all reductions	.59% <sup>A</sup>	.57%	.54%	.56%	.55%	.57%
Net investment income (loss)	2.98% <sup>A</sup>	2.37%	1.71%	1.76%	1.71%	1.71%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$3,218,006	\$3,322,799	\$7,201,655	\$8,315,159	\$7,875,801	\$8,689,829
Portfolio turnover rate <sup>G</sup>	26% <sup>A</sup>	34%	20%	22%	19%	22%

<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>The amount shown for a share outstanding does not correspond with the aggregate net gain (loss) on investments for the period due to the timing of sales and repurchases of shares in relation to fluctuating market values of the investments of the Fund. <sup>I</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 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>J</sup>Amount represents less than \$.01 per share.

## Financial Highlights — Service Class

	Six months ended		Years ended December 31,			
	June 30, 2009 (Unaudited)	2008	2007	2006	2005	2004
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 13.14	\$ 23.82	\$ 26.11	\$ 25.39	\$ 25.28	\$ 23.11
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.18	.44	.44	.43	.39	.38
Net realized and unrealized gain (loss)	.44	(10.62)	(.05) <sup>H</sup>	4.35	1.00	2.22
Total from investment operations	.62	(10.18)	.39	4.78	1.39	2.60
Distributions from net investment income	(.02)	(.48)	(.47)	(.84)	(.39)	(.34)
Distributions from net realized gain	—	(.02)	(2.21)	(3.22)	(.89)	(.09)
Total distributions	(.02)	(.50)	(2.68)	(4.06)	(1.28)	(.43)
Redemption fees added to paid in capital <sup>E, J</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 13.74	\$ 13.14	\$ 23.82	\$ 26.11	\$ 25.39	\$ 25.28
<b>Total Return<sup>B, C, D</sup></b>	4.72%	(42.70)%	1.42%	20.08%	5.76%	11.38%
<b>Ratios to Average Net Assets<sup>F, I</sup></b>						
Expenses before reductions	.69% <sup>A</sup>	.67%	.65%	.67%	.66%	.68%
Expenses net of fee waivers, if any	.69% <sup>A</sup>	.67%	.65%	.67%	.66%	.68%
Expenses net of all reductions	.69% <sup>A</sup>	.67%	.64%	.66%	.65%	.67%
Net investment income (loss)	2.88% <sup>A</sup>	2.27%	1.61%	1.66%	1.61%	1.61%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$377,726	\$405,082	\$920,054	\$1,118,333	\$1,079,838	\$1,170,778
Portfolio turnover rate <sup>G</sup>	26% <sup>A</sup>	34%	20%	22%	19%	22%

<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>The amount shown for a share outstanding does not correspond with the aggregate net gain (loss) on investments for the period due to the timing of sales and repurchases of shares in relation to fluctuating market values of the investments of the Fund. <sup>I</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 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>J</sup>Amount represents less than \$.01 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, 2009 (Unaudited)	2008	2007	2006	2005	2004
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 13.00	\$ 23.57	\$ 25.87	\$ 25.17	\$ 25.09	\$ 22.96
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.17	.41	.39	.38	.35	.34
Net realized and unrealized gain (loss)	.44	(10.50)	(.04) <sup>H</sup>	4.32	.98	2.21
Total from investment operations	.61	(10.09)	.35	4.70	1.33	2.55
Distributions from net investment income	(.02)	(.46)	(.44)	(.78)	(.36)	(.33)
Distributions from net realized gain	—	(.02)	(2.21)	(3.22)	(.89)	(.09)
Total distributions	(.02)	(.48)	(2.65)	(4.00)	(1.25)	(.42)
Redemption fees added to paid in capital <sup>E, J</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 13.59	\$ 13.00	\$ 23.57	\$ 25.87	\$ 25.17	\$ 25.09
<b>Total Return<sup>B, C, D</sup></b>	4.69%	(42.81)%	1.27%	19.93%	5.57%	11.23%
<b>Ratios to Average Net Assets<sup>F, I</sup></b>						
Expenses before reductions	.84% <sup>A</sup>	.82%	.80%	.82%	.81%	.83%
Expenses net of fee waivers, if any	.84% <sup>A</sup>	.82%	.80%	.82%	.81%	.83%
Expenses net of all reductions	.84% <sup>A</sup>	.82%	.80%	.82%	.80%	.82%
Net investment income (loss)	2.73% <sup>A</sup>	2.12%	1.46%	1.51%	1.46%	1.46%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$1,334,877	\$1,321,569	\$2,583,129	\$2,373,059	\$1,723,546	\$1,420,999
Portfolio turnover rate <sup>G</sup>	26% <sup>A</sup>	34%	20%	22%	19%	22%

<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>The amount shown for a share outstanding does not correspond with the aggregate net gain (loss) on investments for the period due to the timing of sales and repurchases of shares in relation to fluctuating market values of the investments of the Fund. <sup>I</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 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>J</sup>Amount represents less than \$.01 per share.

## Financial Highlights — Service Class 2R

	Six months ended	Years ended December 31,				
	June 30, 2009 (Unaudited)	2008	2007	2006	2005	2004
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 12.93	\$ 23.44	\$ 25.73	\$ 25.08	\$ 25.01	\$ 22.91
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.17	.41	.39	.38	.35	.34
Net realized and unrealized gain (loss)	.44	(10.45)	(.04) <sup>H</sup>	4.29	.99	2.20
Total from investment operations	.61	(10.04)	.35	4.67	1.34	2.54
Distributions from net investment income	(.02)	(.45)	(.43)	(.80)	(.38)	(.35)
Distributions from net realized gain	—	(.02)	(2.21)	(3.22)	(.89)	(.09)
Total distributions	(.02)	(.47)	(2.64)	(4.02)	(1.27)	(.44)
Redemption fees added to paid in capital <sup>E, J</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 13.52	\$ 12.93	\$ 23.44	\$ 25.73	\$ 25.08	\$ 25.01
<b>Total Return<sup>B, C, D</sup></b>	4.72%	(42.82)%	1.27%	19.89%	5.61%	11.22%
<b>Ratios to Average Net Assets<sup>F, I</sup></b>						
Expenses before reductions	.84% <sup>A</sup>	.82%	.80%	.82%	.81%	.83%
Expenses net of fee waivers, if any	.84% <sup>A</sup>	.82%	.80%	.82%	.81%	.83%
Expenses net of all reductions	.84% <sup>A</sup>	.81%	.79%	.81%	.80%	.82%
Net investment income (loss)	2.73% <sup>A</sup>	2.12%	1.46%	1.51%	1.46%	1.46%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 4,736	\$ 5,339	\$ 13,558	\$ 17,089	\$ 9,651	\$ 5,617
Portfolio turnover rate <sup>G</sup>	26% <sup>A</sup>	34%	20%	22%	19%	22%

<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>The amount shown for a share outstanding does not correspond with the aggregate net gain (loss) on investments for the period due to the timing of sales and repurchases of shares in relation to fluctuating market values of the investments of the Fund. <sup>I</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 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>J</sup>Amount represents less than \$.01 per share.

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

## Financial Highlights — Investor Class

	Six months ended June 30, 2009 (Unaudited)		Years ended December 31,		
	2008	2007	2006	2005 <sup>l</sup>	
<b>Selected Per-Share Data</b>					
Net asset value, beginning of period .....	\$ 13.15	\$ 23.85	\$ 26.15	\$ 25.48	\$ 24.46
Income from Investment Operations					
Net investment income (loss) <sup>E</sup> .....	.18	.44	.44	.42	.17
Net realized and unrealized gain (loss) .....	.45	(10.63)	(.05) <sup>H</sup>	4.36	.85
Total from investment operations .....	.63	(10.19)	.39	4.78	1.02
Distributions from net investment income .....	(.02)	(.49)	(.48)	(.89)	—
Distributions from net realized gain .....	—	(.02)	(2.21)	(3.22)	—
Total distributions .....	(.02)	(.51)	(2.69)	(4.11)	—
Redemption fees added to paid in capital <sup>E,K</sup> .....	—	—	—	—	—
Net asset value, end of period .....	\$ 13.76	\$ 13.15	\$ 23.85	\$ 26.15	\$ 25.48
<b>Total Return<sup>B,C,D</sup></b> .....	4.79%	(42.71)%	1.39%	20.04%	4.17%
<b>Ratios to Average Net Assets<sup>F,J</sup></b>					
Expenses before reductions .....	.70% <sup>A</sup>	.66%	.66%	.69%	.74% <sup>A</sup>
Expenses net of fee waivers, if any .....	.70% <sup>A</sup>	.66%	.66%	.69%	.74% <sup>A</sup>
Expenses net of all reductions .....	.70% <sup>A</sup>	.66%	.66%	.69%	.73% <sup>A</sup>
Net investment income (loss) .....	2.87% <sup>A</sup>	2.28%	1.60%	1.63%	1.54% <sup>A</sup>
<b>Supplemental Data</b>					
Net assets, end of period (000 omitted) .....	\$ 119,749	\$ 122,483	\$ 230,534	\$ 170,050	\$ 37,500
Portfolio turnover rate <sup>G</sup> .....	26% <sup>A</sup>	34%	20%	22%	19%

<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>The amount shown for a share outstanding does not correspond with the aggregate net gain (loss) on investments for the period due to the timing of sales and repurchases of shares in relation to fluctuating market values of the investments of the Fund. <sup>I</sup>For the period July 21, 2005 (commencement of sale of shares) to December 31, 2005. <sup>J</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 other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements 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 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>K</sup>Amount represents less than \$.01 per share.

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

# Notes to Financial Statements

For the period ended June 30, 2009 (Unaudited)

## 1. Organization.

VIP Equity-Income Portfolio (the Fund) is a fund of Variable Insurance Products Fund (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 SEC's 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's 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, which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Events or transactions occurring after period end through the date that the financial statements were issued, August 10, 2009, 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. Generally Accepted Accounting Principles (GAAP) establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are classified into three levels. Level 1 includes readily available unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes observable inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. Level 3 includes unobservable inputs when market prices are not readily available or reliable. Changes in valuation techniques may result in transfers in or out of an investment's assigned level within the hierarchy. The aggregate value by input level, as of June 30, 2009, for the Fund's investments is included at the end of the Fund's Schedule of Investments. Valuation techniques of the Fund's major categories of assets and liabilities as presented in the Schedule of Investments 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. 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. Debt securities, including restricted securities, are valued based on quotations received from dealers who make markets in such securities or by independent pricing services. For corporate bonds, pricing services generally utilize matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Investments in open-end mutual funds, including the Fidelity Central Funds, are valued at their closing net asset value each business day. 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.

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 significant market or security specific events, changes in interest rates and credit quality, and developments in foreign markets which are monitored by evaluating the performance of ADRs, futures contracts and exchange-traded funds. The frequency with which these procedures are used cannot be predicted and may be utilized to a significant extent. The value of securities used for net asset value (NAV) calculation under these procedures may differ from published prices for the same securities.

**Foreign Currency.** The Fund uses foreign currency contracts to facilitate transactions in foreign-denominated securities. 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.

### 3. Significant Accounting Policies – continued

#### Foreign Currency – continued

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. Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivables when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is reasonably assured.

**Expenses.** Most expenses of the trust can be directly attributed to a fund. Expenses which cannot be directly attributed are apportioned among 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 must defer receipt of a portion of, and may elect to defer receipt of an additional 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. The Fund is subject to the provisions of FASB Interpretation No. 48, Accounting for Uncertainties in Income Taxes (FIN 48). FIN 48 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. There are no unrecognized tax benefits in the accompanying financial statements. 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 generally accepted accounting principles.

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 foreign currency transactions, passive foreign investment companies (PFIC), market discount, partnerships, deferred trustees compensation, capital loss carryforwards and losses deferred due to wash sales.

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

Unrealized appreciation	\$	812,540,158
Unrealized depreciation		(1,782,938,160)
Net unrealized appreciation (depreciation)	\$	<u>(970,398,002)</u>
Cost for federal income tax purposes	\$	<u>6,049,798,860</u>

**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.

## Notes to Financial Statements (Unaudited) – continued

### 4. Operating Policies.

**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. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$605,164,798 and \$884,167,993, respectively.

### 6. 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 .20% of the Fund's average net assets and a group fee rate that averaged .27% 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 .47% 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	\$	178,119
Service Class 2		1,531,820
Service Class 2R		5,639
	\$	<u>1,715,578</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	\$	1,285,942
Service Class		153,021
Service Class 2		526,187
Service Class 2R		1,920
Investor Class		108,913
	\$	<u>2,075,983</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 \$14,883 for the period.

**Interfund Lending Program.** Pursuant to an Exemptive Order issued by the Securities and Exchange Commission (the SEC), the Fund, along with other registered investment companies having management contracts with FMR, may participate in an interfund lending program. This program provides an alternative credit facility allowing the funds to borrow from, or lend money to, other participating affiliated funds. At period end, there were no interfund loans outstanding. The Fund's activity in this program during the period for which loans were outstanding was as follows:

Borrower or Lender	Average Daily Loan Balance	Weighted Average Interest Rate	Interest Expense
Borrower	\$ 8,332,324	.43%	\$ 3,700

## 7. Committed Line of Credit.

The Fund participates with other funds managed by FMR in a \$3.5 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 \$15,104 and is reflected in Miscellaneous Expense 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 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 \$1,563,689.

## 9. 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 \$6,169 for the period.

## 10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2009	Year ended December 31, 2008
<b>From net investment income</b>		
Initial Class .....	\$ 4,193,590	\$ 123,156,013
Service Class .....	508,338	14,421,360
Service Class 2 .....	1,722,825	44,390,804
Service Class 2R .....	6,680	178,863
Investor Class .....	155,563	4,428,229
Total .....	<u>\$ 6,586,996</u>	<u>\$ 186,575,269</u>
<b>From net realized gain</b>		
Initial Class .....	\$ —	\$ 5,874,187
Service Class .....	—	748,441
Service Class 2 .....	—	2,153,837
Service Class 2R .....	—	10,338
Investor Class .....	—	189,539
Total .....	<u>\$ —</u>	<u>\$ 8,976,342</u>

## Notes to Financial Statements (Unaudited) – continued

### 11. Share Transactions.

Transactions for each class of shares were as follows:

	Shares		Dollars	
	Six months ended June 30, 2009	Year ended December 31, 2008	Six months ended June 30, 2009	Year ended December 31, 2008
<b>Initial Class</b>				
Shares sold .....	5,733,572	7,761,257	\$ 71,432,365	\$ 147,326,576
Reinvestment of distributions .....	360,274	9,853,413	4,193,590	129,030,200
Shares redeemed .....	(24,959,443)	(66,674,318)	(300,587,458)	(1,304,182,592)
Net increase (decrease) .....	<u>(18,865,597)</u>	<u>(49,059,648)</u>	<u>\$ (224,961,503)</u>	<u>\$(1,027,825,816)</u>
<b>Service Class</b>				
Shares sold .....	940,973	1,403,882	\$ 11,786,691	\$ 26,376,852
Reinvestment of distributions .....	43,822	1,160,264	508,338	15,169,801
Shares redeemed .....	(4,338,089)	(10,352,999)	(52,042,407)	(200,182,896)
Net increase (decrease) .....	<u>(3,353,294)</u>	<u>(7,788,853)</u>	<u>\$ (39,747,378)</u>	<u>\$ (158,636,243)</u>
<b>Service Class 2</b>				
Shares sold .....	6,668,545	12,836,633	\$ 80,423,381	\$ 239,743,721
Reinvestment of distributions .....	150,203	3,603,934	1,722,825	46,544,641
Shares redeemed .....	(10,258,793)	(24,390,530)	(121,683,243)	(445,540,000)
Net increase (decrease) .....	<u>(3,440,045)</u>	<u>(7,949,963)</u>	<u>\$ (39,537,037)</u>	<u>\$ (159,251,638)</u>
<b>Service Class 2R</b>				
Shares sold .....	35,848	75,542	\$ 464,584	\$ 1,570,935
Reinvestment of distributions .....	585	14,668	6,680	189,201
Shares redeemed .....	(98,996)	(255,760)	(1,157,670)	(5,069,469)
Net increase (decrease) .....	<u>(62,563)</u>	<u>(165,550)</u>	<u>\$ (686,406)</u>	<u>\$ (3,309,333)</u>
<b>Investor Class</b>				
Shares sold .....	576,511	1,599,925	\$ 7,169,873	\$ 30,095,055
Reinvestment of distributions .....	13,399	354,134	155,563	4,617,768
Shares redeemed .....	(1,199,811)	(2,304,633)	(14,238,892)	(42,792,946)
Net increase (decrease) .....	<u>(609,901)</u>	<u>(350,574)</u>	<u>\$ (6,913,456)</u>	<u>\$ (8,080,123)</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 11% of the total outstanding shares of the Fund, and two otherwise unaffiliated shareholders were the owners of record of 31% of the total outstanding shares of the Fund.







**Investment Adviser**

Fidelity Management & Research Company  
Boston, MA

**Investment Sub-Advisers**

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

The Northern Trust Company  
Chicago, IL