

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

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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, 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. In addition, if these transactional costs were included, your costs would have been higher.

	Annualized Expense Ratio	Beginning Account Value January 1, 2011	Ending Account Value June 30, 2011	Expenses Paid During Period* January 1, 2011 to June 30, 2011
<b>Initial Class</b>				
	.55%			
Actual .....		\$ 1,000.00	\$ 1,064.70	\$ 2.82
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,022.07	\$ 2.76
<b>Service Class</b>				
	.65%			
Actual .....		\$ 1,000.00	\$ 1,063.80	\$ 3.33
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,021.57	\$ 3.26
<b>Service Class 2</b>				
	.80%			
Actual .....		\$ 1,000.00	\$ 1,062.90	\$ 4.09
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,020.83	\$ 4.01
<b>Service Class 2R</b>				
	.80%			
Actual .....		\$ 1,000.00	\$ 1,063.20	\$ 4.09
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,020.83	\$ 4.01
<b>Investor Class</b>				
	.64%			
Actual .....		\$ 1,000.00	\$ 1,064.30	\$ 3.28
Hypothetical <sup>A</sup> .....		\$ 1,000.00	\$ 1,021.62	\$ 3.21

<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, 2011

	% of fund's net assets	% of fund's net assets 6 months ago
JPMorgan Chase & Co.	3.9	3.4
Chevron Corp.	3.7	2.5
AT&T, Inc.	3.3	2.3
Wells Fargo & Co.	3.1	3.2
General Electric Co.	2.8	1.7
Pfizer, Inc.	2.7	2.2
Procter & Gamble Co.	2.2	1.2
Merck & Co., Inc.	2.0	1.4
Johnson & Johnson	1.8	1.0
Comcast Corp. Class A	1.5	0.4
	<u>27.0</u>	

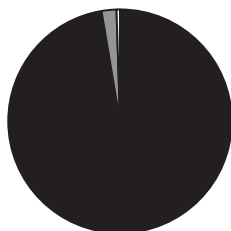
## Top Five Market Sectors as of June 30, 2011

	% of fund's net assets	% of fund's net assets 6 months ago
Financials	25.7	27.7
Health Care	12.4	8.8
Energy	12.2	14.0
Industrials	10.8	11.2
Consumer Discretionary	8.8	14.4

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

### As of June 30, 2011\*

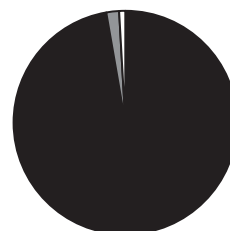
■ Stocks	97.4%
■ Bonds	2.1%
□ Short-Term Investments and Net Other Assets	0.5%



\* Foreign investments 20.8%

### As of December 31, 2010\*\*

■ Stocks	97.3%
■ Bonds	1.9%
□ Short-Term Investments and Net Other Assets	0.8%



\*\* Foreign investments 11.8%

# Investments June 30, 2011 (Unaudited)

Showing Percentage of Net Assets

## Common Stocks – 92.9%

	Shares	Value
<b>CONSUMER DISCRETIONARY – 6.1%</b>		
<b>Distributors – 0.4%</b>		
Indiabulls Wholesale Services Ltd. ....	242,260	\$ 56,453
Li & Fung Ltd. ....	12,250,000	24,400,039
		<u>24,456,492</u>
<b>Hotels, Restaurants &amp; Leisure – 0.2%</b>		
McDonald's Corp. ....	171,600	14,469,312
<b>Household Durables – 0.8%</b>		
KB Home ....	444,048	4,342,789
Lennar Corp. Class A ....	603,166	10,947,463
PulteGroup, Inc. (a) ....	1,665,768	12,759,783
Whirlpool Corp. ....	216,959	17,643,106
		<u>45,693,141</u>
<b>Media – 2.8%</b>		
Comcast Corp. Class A ....	3,506,036	88,842,952
Time Warner, Inc. ....	2,184,883	79,464,195
		<u>168,307,147</u>
<b>Multiline Retail – 1.1%</b>		
Macy's, Inc. ....	445,320	13,021,157
Target Corp. ....	955,378	44,816,782
		<u>57,837,939</u>
<b>Specialty Retail – 0.7%</b>		
Best Buy Co., Inc. ....	697,500	21,908,475
Lowe's Companies, Inc. ....	774,078	18,043,758
OfficeMax, Inc. (a) ....	510,643	4,008,548
		<u>43,960,781</u>
<b>Textiles, Apparel &amp; Luxury Goods – 0.1%</b>		
Ports Design Ltd. ....	2,508,500	5,931,365
VF Corp. ....	27,000	2,931,120
		<u>8,862,485</u>
TOTAL CONSUMER DISCRETIONARY .....		<u>363,587,297</u>
<b>CONSUMER STAPLES – 8.7%</b>		
<b>Beverages – 1.9%</b>		
Diageo PLC sponsored ADR .....	77,900	6,377,673
PepsiCo, Inc. ....	1,024,703	72,169,832
The Coca-Cola Co. ....	495,229	33,323,959
		<u>111,871,464</u>
<b>Food &amp; Staples Retailing – 0.4%</b>		
CVS Caremark Corp. ....	231,489	8,699,357
SUPERVALU, Inc. ....	348,200	3,276,562
Walgreen Co. ....	261,762	11,114,415
		<u>23,090,334</u>
<b>Food Products – 1.4%</b>		
ConAgra Foods, Inc. ....	393,800	10,163,978
Danone ....	369,700	27,586,251
Nestle SA ....	353,391	21,963,459
Unilever NV unit ....	832,800	27,357,480
		<u>87,071,168</u>

## Household Products – 2.9%

	Shares	Value
Colgate-Palmolive Co. ....	76,300	\$ 6,669,383
Kimberly-Clark Corp. ....	310,970	20,698,163
Procter & Gamble Co. ....	2,036,426	129,455,601
Reckitt Benckiser Group PLC .....	445,800	24,611,976
		<u>181,435,123</u>

## Personal Products – 0.2%

Nu Skin Enterprises, Inc. Class A .....	346,000	12,992,300
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## Tobacco – 1.9%

British American Tobacco PLC sponsored ADR .....	767,800	67,566,400
Lorillard, Inc. ....	135,645	14,767,671
Philip Morris International, Inc. ....	444,205	29,659,568
		<u>111,993,639</u>

TOTAL CONSUMER STAPLES .....

528,454,028

## ENERGY – 11.7%

### Energy Equipment & Services – 1.4%

Exterran Partners LP .....	402,400	10,333,632
Noble Corp. ....	816,102	32,162,580
Transocean Ltd. (United States) .....	627,850	40,533,996
		<u>83,030,208</u>

### Oil, Gas & Consumable Fuels – 10.3%

Apache Corp. ....	248,080	30,610,591
ARC Resources Ltd. ....	441,000	11,436,551
BP PLC sponsored ADR .....	623,906	27,632,797
Buckeye Partners LP .....	100,550	6,491,508
Chevron Corp. ....	2,193,429	225,572,238
Daylight Energy Ltd. (d) .....	2,367,500	22,953,261
Exxon Mobil Corp. ....	995,971	81,052,120
Kinder Morgan Holding Co. LLC .....	641,500	18,430,295
Legacy Reserves LP .....	314,801	9,346,442
Occidental Petroleum Corp. ....	331,775	34,517,871
Penn West Petroleum Ltd. ....	857,800	19,808,384
PetroBakken Energy Ltd. Class A (d) ....	369,000	5,065,906
Pioneer Southwest Energy Partners LP ...	64,683	1,816,945
Royal Dutch Shell PLC Class A sponsored ADR .....	856,000	60,887,280
Total SA sponsored ADR (d) .....	1,101,400	63,704,976
		<u>619,327,165</u>

TOTAL ENERGY .....

702,357,373

## FINANCIALS – 24.6%

### Capital Markets – 4.4%

AllianceBernstein Holding LP .....	142,600	2,772,144
Apollo Global Management LLC Class A	349,384	6,009,405
Ashmore Group PLC .....	3,816,913	24,405,043
Bank of New York Mellon Corp. ....	1,698,099	43,505,296
Goldman Sachs Group, Inc. ....	471,806	62,792,661
KKR & Co. LP .....	1,831,443	29,889,150
Man Group PLC .....	2,199,709	8,366,842

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

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>FINANCIALS – continued</b>		
<b>Capital Markets – continued</b>		
Morgan Stanley .....	2,903,777	\$ 66,815,909
The Blackstone Group LP .....	1,325,300	21,946,968
		<u>266,503,418</u>
<b>Commercial Banks – 6.7%</b>		
Banco Santander SA .....	920,308	10,603,176
BB&T Corp. ....	1,583,498	42,501,086
Comerica, Inc. ....	419,120	14,488,978
Huntington Bancshares, Inc. ....	2,786,200	18,277,472
KeyCorp .....	1,585,900	13,210,547
M&T Bank Corp. ....	288,200	25,347,190
PNC Financial Services Group, Inc. ....	516,230	30,772,470
Standard Chartered PLC (United Kingdom) .....	343,552	9,031,385
SunTrust Banks, Inc. ....	196,300	5,064,540
U.S. Bancorp .....	1,905,138	48,600,070
Wells Fargo & Co. ....	6,622,809	185,836,021
		<u>403,732,935</u>
<b>Diversified Financial Services – 6.1%</b>		
African Bank Investments Ltd. ....	1,000,000	5,090,361
Bank of America Corp. ....	4,345,836	47,630,363
Citigroup, Inc. ....	1,250,105	52,054,372
JPMorgan Chase & Co. ....	5,733,762	234,740,212
KKR Financial Holdings LLC .....	2,460,651	24,138,986
		<u>363,654,294</u>
<b>Insurance – 2.9%</b>		
ACE Ltd. ....	438,800	28,881,816
AFLAC, Inc. ....	161,500	7,538,820
Cincinnati Financial Corp. (d) .....	282,800	8,252,104
Everest Re Group Ltd. ....	324,400	26,519,700
Fidelity National Financial, Inc. Class A ..	770,486	12,127,450
Hanover Insurance Group, Inc. ....	297,770	11,228,907
MetLife, Inc. ....	133,300	5,847,871
MetLife, Inc. unit (a) .....	136,000	11,183,280
Old Republic International Corp. ....	722,400	8,488,200
RenaissanceRe Holdings Ltd. ....	324,500	22,698,775
The Chubb Corp. ....	403,800	25,281,918
XL Group PLC Class A .....	418,777	9,204,718
		<u>177,253,559</u>
<b>Real Estate Investment Trusts – 3.8%</b>		
American Capital Agency Corp. ....	185,300	5,394,083
Annaly Capital Management, Inc. (d) ...	1,175,900	21,213,236
Boston Properties, Inc. ....	136,475	14,488,186
Brandywine Realty Trust (SBI) .....	934,300	10,828,537
Camden Property Trust (SBI) .....	153,114	9,741,113
DiamondRock Hospitality Co. ....	561,400	6,023,822
Digital Realty Trust, Inc. (d) .....	160,700	9,928,046
HCP, Inc. ....	953,732	34,992,427
Healthcare Realty Trust, Inc. ....	575,200	11,866,376
Highwoods Properties, Inc. (SBI) .....	391,438	12,968,341

	Shares	Value
Mid-America Apartment Communities, Inc. ....	145,327	\$ 9,805,213
Omega Healthcare Investors, Inc. ....	469,700	9,868,397
Prologis, Inc. ....	325,648	11,671,224
Rayonier, Inc. ....	176,815	11,554,860
Two Harbors Investment Corp. ....	296,800	3,190,600
Ventas, Inc. ....	537,173	28,314,389
Weyerhaeuser Co. ....	687,780	15,034,871
		<u>226,883,721</u>
<b>Real Estate Management &amp; Development – 0.1%</b>		
Indiabulls Real Estate Ltd. (a) .....	1,938,085	4,887,552
<b>Thriffs &amp; Mortgage Finance – 0.6%</b>		
First Niagara Financial Group, Inc. ....	1,643,941	21,700,021
Hudson City Bancorp, Inc. ....	343,100	2,809,989
New York Community Bancorp, Inc. (d) ..	378,961	5,680,625
People's United Financial, Inc. ....	461,300	6,199,872
		<u>36,390,507</u>
TOTAL FINANCIALS .....		<u>1,479,305,986</u>
<b>HEALTH CARE – 12.0%</b>		
<b>Biotechnology – 0.2%</b>		
PDL BioPharma, Inc. ....	2,251,400	13,215,718
<b>Health Care Equipment &amp; Supplies – 1.0%</b>		
Baxter International, Inc. ....	227,500	13,579,475
C. R. Bard, Inc. ....	142,100	15,611,106
Covidien PLC .....	505,100	26,886,473
Meridian Bioscience, Inc. ....	235,900	5,687,549
		<u>61,764,603</u>
<b>Health Care Providers &amp; Services – 0.4%</b>		
Medco Health Solutions, Inc. (a) .....	145,500	8,223,660
UnitedHealth Group, Inc. ....	253,641	13,082,803
		<u>21,306,463</u>
<b>Pharmaceuticals – 10.4%</b>		
Abbott Laboratories .....	849,400	44,695,428
AstraZeneca PLC sponsored ADR .....	256,000	12,817,920
GlaxoSmithKline PLC .....	3,129,119	67,068,222
Johnson & Johnson .....	1,646,852	109,548,595
Merck & Co., Inc. ....	3,475,272	122,642,349
Pfizer, Inc. ....	7,840,115	161,506,369
Roche Holding AG (participation certificate) .....	376,196	62,960,363
Sanofi-Aventis .....	446,725	35,938,572
Teva Pharmaceutical Industries Ltd. sponsored ADR .....	125,300	6,041,966
		<u>623,219,784</u>
TOTAL HEALTH CARE .....		<u>719,506,568</u>
<b>INDUSTRIALS – 10.5%</b>		
<b>Aerospace &amp; Defense – 2.7%</b>		
Honeywell International, Inc. ....	925,025	55,122,240

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

## Common Stocks – continued

	Shares	Value
<b>INDUSTRIALS – continued</b>		
<b>Aerospace &amp; Defense – continued</b>		
Lockheed Martin Corp. ....	293,900	\$ 23,797,083
The Boeing Co. ....	406,784	30,073,541
United Technologies Corp. ....	577,002	51,070,447
		<u>160,063,311</u>
<b>Airlines – 0.2%</b>		
Ryanair Holdings PLC sponsored ADR ..	386,500	11,339,910
<b>Building Products – 0.4%</b>		
Masco Corp. ....	1,937,300	23,305,719
<b>Commercial Services &amp; Supplies – 0.6%</b>		
Republic Services, Inc. ....	1,286,700	39,694,695
<b>Construction &amp; Engineering – 0.2%</b>		
Chiyoda Corp. ....	958,000	11,040,121
<b>Electrical Equipment – 0.3%</b>		
Alstom SA (d) ....	346,623	21,375,116
<b>Industrial Conglomerates – 3.6%</b>		
General Electric Co. ....	8,805,487	166,071,485
Koninklijke Philips Electronics NV (depository receipt) (NY Reg.) .....	1,358,000	34,873,440
Siemens AG sponsored ADR .....	105,900	14,564,427
		<u>215,509,352</u>
<b>Machinery – 1.1%</b>		
Briggs & Stratton Corp. ....	686,467	13,633,235
Charter International PLC .....	630,400	8,012,893
Douglas Dynamics, Inc. ....	882,200	13,929,938
Ingersoll-Rand Co. Ltd. ....	634,788	28,825,723
		<u>64,401,789</u>
<b>Professional Services – 0.2%</b>		
Bureau Veritas SA .....	127,010	10,727,960
<b>Road &amp; Rail – 1.0%</b>		
Union Pacific Corp. ....	580,090	60,561,396
<b>Trading Companies &amp; Distributors – 0.2%</b>		
Watsco, Inc. ....	149,500	10,164,505
		<u>628,183,874</u>
<b>INFORMATION TECHNOLOGY – 7.7%</b>		
<b>Communications Equipment – 1.5%</b>		
Cisco Systems, Inc. ....	5,571,553	86,971,942
HTC Corp. ....	76,000	2,549,299
		<u>89,521,241</u>
<b>Computers &amp; Peripherals – 0.4%</b>		
Hewlett-Packard Co. ....	649,250	23,632,700
<b>Electronic Equipment &amp; Components – 1.0%</b>		
Corning, Inc. ....	2,351,000	42,670,650
Everlight Electronics Co. Ltd. ....	1,602,000	4,288,911
TE Connectivity Ltd. ....	397,238	14,602,469
		<u>61,562,030</u>

	Shares	Value
<b>IT Services – 2.7%</b>		
International Business Machines Corp. .	335,600	\$ 57,572,180
Paychex, Inc. ....	1,862,857	57,226,967
Visa, Inc. Class A .....	542,333	45,696,979
		<u>160,496,126</u>
<b>Office Electronics – 0.4%</b>		
Xerox Corp. ....	2,113,928	22,005,990
<b>Semiconductors &amp; Semiconductor Equipment – 1.5%</b>		
Applied Materials, Inc. ....	836,000	10,876,360
ASM Pacific Technology Ltd. ....	1,131,300	15,497,360
Epistar Corp. ....	926,000	2,739,559
KLA-Tencor Corp. ....	328,200	13,285,536
Siliconware Precision Industries Co. Ltd. sponsored ADR .....	3,830,428	23,825,262
Taiwan Semiconductor Manufacturing Co. Ltd. sponsored ADR (d) .....	2,064,900	26,038,389
		<u>92,262,466</u>
<b>Software – 0.2%</b>		
Microsoft Corp. ....	571,900	14,869,400
		<u>464,349,953</u>
<b>MATERIALS – 0.7%</b>		
<b>Chemicals – 0.2%</b>		
PPG Industries, Inc. ....	131,300	11,920,727
<b>Metals &amp; Mining – 0.5%</b>		
Commercial Metals Co. ....	442,971	6,356,634
Nucor Corp. ....	537,400	22,151,628
		<u>28,508,262</u>
		<u>40,428,989</u>
<b>TELECOMMUNICATION SERVICES – 5.5%</b>		
<b>Diversified Telecommunication Services – 5.5%</b>		
AT&T, Inc. ....	6,338,977	199,107,268
CenturyLink, Inc. ....	933,204	37,729,438
Deutsche Telekom AG .....	745,800	11,697,869
Verizon Communications, Inc. ....	2,275,935	84,733,060
		<u>333,267,635</u>
<b>UTILITIES – 5.4%</b>		
<b>Electric Utilities – 4.2%</b>		
American Electric Power Co., Inc. ....	1,815,079	68,392,177
Duke Energy Corp. ....	2,361,000	44,457,630
Energy Corp. ....	253,559	17,313,009
FirstEnergy Corp. ....	643,110	28,393,307
NextEra Energy, Inc. ....	120,200	6,906,692
PPL Corp. ....	1,432,010	39,852,838
Southern Co. ....	1,173,300	47,377,854
		<u>252,693,507</u>
<b>Multi-Utilities – 1.2%</b>		
Alliant Energy Corp. ....	150,220	6,107,945
National Grid PLC .....	2,101,400	20,685,948

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

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>UTILITIES – continued</b>		
<b>Multi-Utilities – continued</b>		
PG&E Corp. ....	298,392	\$ 12,541,416
Public Service Enterprise Group, Inc. ..	600,479	19,599,635
TECO Energy, Inc. ....	830,200	15,682,478
		<u>74,617,422</u>
TOTAL UTILITIES .....		<u>327,310,929</u>

### TOTAL COMMON STOCKS

(Cost \$5,311,897,117) ..... 5,586,752,632

### Preferred Stocks – 4.5%

#### Convertible Preferred Stocks – 2.5%

#### CONSUMER DISCRETIONARY – 0.4%

##### Automobiles – 0.2%

General Motors Co. 4.75% ..... 298,800 14,563,512

##### Media – 0.2%

Interpublic Group of Companies, Inc.  
5.25% ..... 8,400 9,286,452

TOTAL CONSUMER DISCRETIONARY ..... 23,849,964

#### ENERGY – 0.1%

##### Oil, Gas & Consumable Fuels – 0.1%

ATP Oil & Gas Corp. Series B,  
8.00% (a) ..... 74,500 6,760,875

#### FINANCIALS – 1.0%

##### Commercial Banks – 0.4%

Huntington Bancshares, Inc. 8.50% .... 9,000 10,368,000  
Wells Fargo & Co. 7.50% ..... 10,700 11,342,000  
21,710,000

##### Diversified Financial Services – 0.4%

2010 Swift Mandatory Common  
Exchange Security Trust 6.00% (e) ... 486,400 6,413,768  
Bank of America Corp. Series L, 7.25% 6,600 6,607,920  
Citigroup, Inc. 7.50% ..... 100,100 12,027,015  
25,048,703

##### Real Estate Investment Trusts – 0.2%

Health Care REIT, Inc. Series I, 6.50% .. 242,600 12,797,150

TOTAL FINANCIALS ..... 59,555,853

#### HEALTH CARE – 0.4%

##### Health Care Equipment & Supplies – 0.2%

Alere, Inc. 3.00% ..... 37,632 10,499,328

##### Health Care Providers & Services – 0.2%

HealthSouth Corp. Series A 6.50% .... 12,900 14,528,625

TOTAL HEALTH CARE ..... 25,027,953

### Common Stocks – continued

#### INDUSTRIALS – 0.1%

##### Professional Services – 0.1%

Nielsen Holdings B.V. 6.25% ..... 111,900 \$ 6,888,844

#### MATERIALS – 0.2%

##### Metals & Mining – 0.2%

AngloGold Ashanti Holdings Finance  
PLC 6.00% ..... 230,400 11,494,656

#### UTILITIES – 0.3%

##### Electric Utilities – 0.3%

PPL Corp. 8.75% (a) ..... 249,700 13,624,256

TOTAL CONVERTIBLE PREFERRED STOCKS ..... 147,202,401

#### Nonconvertible Preferred Stocks – 2.0%

#### CONSUMER DISCRETIONARY – 2.0%

##### Automobiles – 2.0%

Porsche Automobil Holding SE  
(Germany) ..... 561,975 44,582,269  
Volkswagen AG ..... 373,400 77,088,507  
121,670,776

#### TOTAL PREFERRED STOCKS

(Cost \$242,831,187) ..... 268,873,177

### Corporate Bonds – 2.0%

	Principal Amount	
<b>Convertible Bonds – 1.7%</b>		
<b>CONSUMER DISCRETIONARY – 0.3%</b>		
<b>Hotels, Restaurants &amp; Leisure – 0.2%</b>		
MGM Mirage, Inc. 4.25% 4/15/15 .	\$ 12,860,000	<u>13,880,763</u>
<b>Leisure Equipment &amp; Products – 0.1%</b>		
Eastman Kodak Co. 7% 4/1/17 ....	4,650,000	<u>4,036,200</u>
TOTAL CONSUMER DISCRETIONARY .....		<u>17,916,963</u>

#### ENERGY – 0.4%

##### Oil, Gas & Consumable Fuels – 0.4%

Chesapeake Energy Corp. 2.5%  
5/15/37 ..... 11,250,000 11,840,625  
Peabody Energy Corp. 4.75%  
12/15/66 ..... 9,360,000 11,442,600  
23,283,225

#### FINANCIALS – 0.1%

##### Thriffs & Mortgage Finance – 0.1%

MGIC Investment Corp. 9%  
4/1/63 (e) ..... 10,438,000 8,311,258

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

## Corporate Bonds – continued

	Principal Amount	Value
<b>Convertible Bonds – continued</b>		
<b>INDUSTRIALS – 0.2%</b>		
<b>Commercial Services &amp; Supplies – 0.2%</b>		
Covanta Holding Corp. 3.25% 6/1/14 .....	\$11,640,000	\$ 13,250,976
<b>INFORMATION TECHNOLOGY – 0.5%</b>		
<b>Communications Equipment – 0.1%</b>		
InterDigital, Inc. 2.5% 3/15/16 (e) .....	5,240,000	5,482,612
<b>Internet Software &amp; Services – 0.2%</b>		
Equinix, Inc. 4.75% 6/15/16 ..	9,190,000	13,015,797
<b>IT Services – 0.2%</b>		
CACI International, Inc. 2.125% 5/1/14 .....	10,540,000	13,254,050
TOTAL INFORMATION TECHNOLOGY .....		31,752,459
<b>MATERIALS – 0.2%</b>		
<b>Metals &amp; Mining – 0.2%</b>		
Newmont Mining Corp.:		
1.25% 7/15/14 .....	2,530,000	3,296,906
1.625% 7/15/17 .....	4,580,000	6,162,848
		9,459,754
<b>TOTAL CONVERTIBLE BONDS</b> .....		<b>103,974,635</b>
<b>Nonconvertible Bonds – 0.3%</b>		
<b>CONSUMER DISCRETIONARY – 0.0%</b>		
<b>Leisure Equipment &amp; Products – 0.0%</b>		
Eastman Kodak Co. 9.75% 3/1/18 (e) .....	2,915,000	2,769,250
<b>TELECOMMUNICATION SERVICES – 0.3%</b>		
<b>Diversified Telecommunication Services – 0.2%</b>		
Clearwire Communications LLC/Clearwire Finance, Inc. 12% 12/1/15 (e) .....	12,538,000	13,509,695
<b>Wireless Telecommunication Services – 0.1%</b>		
Clearwire Escrow Corp. 12% 12/1/15 (e) .....	2,730,000	2,921,100
TOTAL TELECOMMUNICATION SERVICES .....		16,430,795
<b>TOTAL NONCONVERTIBLE BONDS</b> .....		<b>19,200,045</b>
<b>TOTAL CORPORATE BONDS</b> (Cost \$123,358,324) .....		<b>123,174,680</b>

## Floating Rate Loans – 0.1%

	Principal Amount	Value
<b>TELECOMMUNICATION SERVICES – 0.1%</b>		
<b>Wireless Telecommunication Services – 0.1%</b>		
Asurion LLC term loan 9% 5/24/19 (f) (Cost \$6,606,259) .....	\$ 6,555,000	\$ <b>6,571,388</b>

## Money Market Funds – 2.4%

	Shares	
Fidelity Cash Central Fund, 0.11% (b) .....	40,457,170	40,457,170
Fidelity Securities Lending Cash Central Fund, 0.11% (b)(c) ....	100,867,678	100,867,678
<b>TOTAL MONEY MARKET FUNDS</b> (Cost \$141,324,848) .....		<b>141,324,848</b>
<b>TOTAL INVESTMENT PORTFOLIO – 101.9%</b> (Cost \$5,826,017,735) .....		<b>6,126,696,725</b>
<b>NET OTHER ASSETS (LIABILITIES) – (1.9%)</b>		<b>(115,274,694)</b>
<b>NET ASSETS – 100%</b> .....		<b>\$ 6,011,422,031</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. 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 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 \$39,407,683 or 0.7% of net assets.
- (f) Coupon rates for floating and adjustable rate securities reflect the rates in effect at period end.

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	\$ 76,467
Fidelity Securities Lending Cash Central Fund	722,115
Total	<u>\$ 798,582</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 tables below, please refer to the Security Valuation section in the accompanying Notes to Financial Statements.

Description	Valuation Inputs at Reporting Date:			
	Total	Level 1	Level 2	Level 3
<b>Investments in Securities:</b>				
<b>Equities:</b>				
Consumer Discretionary	\$ 509,108,037	\$ 499,765,132	\$ 9,286,452	\$ 56,453
Consumer Staples	528,454,028	528,454,028	—	—
Energy	709,118,248	702,357,373	6,760,875	—
Financials	1,538,861,839	1,497,864,465	40,997,374	—
Health Care	744,534,521	626,999,102	117,535,419	—
Industrials	635,072,718	617,143,753	17,928,965	—
Information Technology	464,349,953	464,349,953	—	—
Materials	51,923,645	51,923,645	—	—
Telecommunication Services	333,267,635	333,267,635	—	—
Utilities	340,935,185	306,624,981	34,310,204	—
Corporate Bonds	123,174,680	—	123,174,680	—
Floating Rate Loans	6,571,388	—	6,571,388	—
Money Market Funds	141,324,848	141,324,848	—	—
<b>Total Investments in Securities:</b>	<u>\$ 6,126,696,725</u>	<u>\$ 5,770,074,915</u>	<u>\$ 356,565,357</u>	<u>\$ 56,453</u>

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

<b>Investments in Securities:</b>	
Beginning Balance	\$ —
Total Realized Gain (Loss)	—
Total Unrealized Gain (Loss)	(453)
Cost of Purchases	56,906
Proceeds of Sales	—
Amortization/Accretion	—
Transfers in to Level 3	—
Transfers out of Level 3	—
Ending Balance	<u>\$ 56,453</u>
The change in unrealized gain (loss) for the period attributable to Level 3 securities held at June 30, 2011	\$ (453)

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

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

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

United States of America .....	79.2%
United Kingdom .....	5.4%
Switzerland .....	3.4%
France .....	2.6%
Germany .....	2.4%
Bermuda .....	1.3%
Ireland .....	1.3%
Netherlands .....	1.1%
Canada .....	1.0%
Others (Individually Less Than 1%) .....	2.3%
	<u>100.0%</u>

### **Income Tax Information**

At December 31, 2010, the Fund had a capital loss carryforward of approximately \$168,007,461 all of which will expire in fiscal 2017. Capital loss carryforwards are only available to offset future capital gains of the Fund to the extent provided by regulations and may be limited.

# Financial Statements

## Statement of Assets and Liabilities

June 30, 2011 (Unaudited)

### Assets

Investment in securities, at value (including securities loaned of \$98,629,887) — See accompanying schedule:		
Unaffiliated issuers (cost \$5,684,692,887) .....	\$ 5,985,371,877	
Fidelity Central Funds (cost \$141,324,848) .....	141,324,848	
Total Investments (cost \$5,826,017,735) .....		\$ 6,126,696,725
Cash .....		12,920,058
Foreign currency held at value (cost \$794,043) .....		796,302
Receivable for investments sold .....		44,445,804
Receivable for fund shares sold .....		1,084,620
Dividends receivable .....		12,346,603
Interest receivable .....		907,101
Distributions receivable from Fidelity Central Funds .....		79,811
Other receivables .....		493,271
<b>Total assets</b> .....		<u>6,199,770,295</u>

### Liabilities

Payable for investments purchased . . . \$	80,187,167	
Payable for fund shares redeemed . . .	3,734,714	
Accrued management fee .....	2,251,552	
Distribution and service plan fees payable .....	369,574	
Other affiliated payables .....	434,122	
Other payables and accrued expenses .....	503,457	
Collateral on securities loaned, at value .....	100,867,678	
<b>Total liabilities</b> .....		<u>188,348,264</u>

<b>Net Assets</b> .....		<u>\$ 6,011,422,031</u>
Net Assets consist of:		
Paid in capital .....	\$ 5,355,658,530	
Undistributed net investment income .....	61,074,739	
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions .....	293,985,373	
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies .....	300,703,389	
<b>Net Assets</b> .....		<u>\$ 6,011,422,031</u>

## Statement of Assets and Liabilities – continued

June 30, 2011 (Unaudited)

### Initial Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$3,785,106,150 ÷ 186,922,738 shares) .....	<u>\$ 20.25</u>
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### Service Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$399,977,998 ÷ 19,827,002 shares) .....	<u>\$ 20.17</u>
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### Service Class 2:

<b>Net Asset Value</b> , offering price and redemption price per share (\$1,632,859,952 ÷ 81,926,796 shares) .....	<u>\$ 19.93</u>
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### Service Class 2R:

<b>Net Asset Value</b> , offering price and redemption price per share (\$5,461,092 ÷ 275,294 shares) .	<u>\$ 19.84</u>
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### Investor Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$188,016,839 ÷ 9,311,574 shares) .....	<u>\$ 20.19</u>
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See accompanying notes which are an integral part of the financial statements.

## Statement of Operations

Six months ended June 30, 2011 (Unaudited)

<b>Investment Income</b>		
Dividends .....		\$ 78,059,000
Interest .....		3,232,433
Income from Fidelity Central Funds .....		798,582
<b>Total income</b> .....		<u>82,090,015</u>
<b>Expenses</b>		
Management fee .....	\$ 14,030,762	
Transfer agent fees .....	2,309,612	
Distribution and service plan fees .....	2,299,250	
Accounting and security lending fees .....	570,151	
Custodian fees and expenses .....	87,043	
Independent trustees' compensation .....	16,068	
Appreciation in deferred trustee compensation account .....	256	
Audit .....	41,971	
Legal .....	5,759	
Interest .....	210	
Miscellaneous .....	37,741	
Total expenses before reductions .....	19,398,823	
Expense reductions .....	(251,976)	19,146,847
<b>Net investment income (loss)</b> .....		<u>62,943,168</u>
<b>Realized and Unrealized Gain (Loss)</b>		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers .....	524,852,953	
Foreign currency transactions .....	766,170	
Total net realized gain (loss) .....		525,619,123
Change in net unrealized appreciation (depreciation) on:		
Investment securities .....		(206,852,253)
Assets and liabilities in foreign currencies .....	(21,573)	
Total change in net unrealized appreciation (depreciation) .....		(206,873,826)
<b>Net gain (loss)</b> .....		<u>318,745,297</u>
<b>Net increase (decrease) in net assets resulting from operations</b> .....		<u>\$ 381,688,465</u>

## Statement of Changes in Net Assets

	Six months ended June 30, 2011 (Unaudited)	Year ended December 31, 2010
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income (loss) .....	\$ 62,943,168	\$ 93,641,028
Net realized gain (loss) .....	525,619,123	376,021,518
Change in net unrealized appreciation (depreciation) .....	(206,873,826)	339,398,004
<b>Net increase (decrease) in net assets resulting from operations</b> .....	<u>381,688,465</u>	<u>809,060,550</u>
Distributions to shareholders from net investment income .....	-	(98,879,089)
Share transactions – net increase (decrease) .....	(373,714,994)	(619,890,150)
Redemption fees .....	1,081	2,603
<b>Total increase (decrease) in net assets</b> .....	<u>7,974,552</u>	<u>90,293,914</u>
<b>Net Assets</b>		
Beginning of period .....	6,003,447,479	5,913,153,565
End of period (including undistributed net investment income of \$61,074,739 and distributions in excess of net investment income of \$1,868,429, respectively) .....	<u>\$ 6,011,422,031</u>	<u>\$ 6,003,447,479</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, 2011 (Unaudited)	2010	2009	2008	2007	2006
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 19.02	\$ 16.81	\$ 13.18	\$ 23.91	\$ 26.20	\$ 25.49
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.21	.30	.33	.47	.47	.45
Net realized and unrealized gain (loss)	1.02	2.24	3.64	(10.67)	(.05)	4.37
Total from investment operations	1.23	2.54	3.97	(10.20)	.42	4.82
Distributions from net investment income	—	(.33)	(.34)	(.51)	(.50)	(.89)
Distributions from net realized gain	—	—	—	(.02)	(2.21)	(3.22)
Total distributions	—	(.33)	(.34)	(.53)	(2.71)	(4.11)
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 20.25	\$ 19.02	\$ 16.81	\$ 13.18	\$ 23.91	\$ 26.20
<b>Total Return<sup>B,C,D</sup></b>	6.47%	15.15%	30.21%	(42.65)%	1.53%	20.19%
<b>Ratios to Average Net Assets<sup>F,H</sup></b>						
Expenses before reductions	.55% <sup>A</sup>	.56%	.58%	.57%	.55%	.57%
Expenses net of fee waivers, if any	.55% <sup>A</sup>	.55%	.58%	.57%	.55%	.57%
Expenses net of all reductions	.55% <sup>A</sup>	.55%	.58%	.57%	.54%	.56%
Net investment income (loss)	2.13% <sup>A</sup>	1.71%	2.29%	2.37%	1.71%	1.76%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$3,785,106	\$3,798,310	\$3,771,733	\$3,322,799	\$7,201,655	\$8,315,159
Portfolio turnover rate <sup>G</sup>	116% <sup>A</sup>	29%	29%	34%	20%	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 if certain expenses had not been reduced during the applicable periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> 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. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup> Amount represents less than \$.01 per share.

## Financial Highlights – Service Class

	Six months ended	Years ended December 31,				
	June 30, 2011 (Unaudited)	2010	2009	2008	2007	2006
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 18.96	\$ 16.75	\$ 13.14	\$ 23.82	\$ 26.11	\$ 25.39
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.20	.28	.31	.44	.44	.43
Net realized and unrealized gain (loss)	1.01	2.24	3.63	(10.62)	(.05)	4.35
Total from investment operations	1.21	2.52	3.94	(10.18)	.39	4.78
Distributions from net investment income	—	(.31)	(.33)	(.48)	(.47)	(.84)
Distributions from net realized gain	—	—	—	(.02)	(2.21)	(3.22)
Total distributions	—	(.31)	(.33)	(.50)	(2.68)	(4.06)
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 20.17	\$ 18.96	\$ 16.75	\$ 13.14	\$ 23.82	\$ 26.11
<b>Total Return<sup>B,C,D</sup></b>	6.38%	15.09%	30.03%	(42.70)%	1.42%	20.08%
<b>Ratios to Average Net Assets<sup>F,H</sup></b>						
Expenses before reductions	.65% <sup>A</sup>	.66%	.68%	.67%	.65%	.67%
Expenses net of fee waivers, if any	.65% <sup>A</sup>	.65%	.68%	.67%	.65%	.67%
Expenses net of all reductions	.65% <sup>A</sup>	.65%	.68%	.67%	.64%	.66%
Net investment income (loss)	2.03% <sup>A</sup>	1.61%	2.19%	2.27%	1.61%	1.66%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 399,978	\$ 414,431	\$ 430,383	\$ 405,082	\$ 920,054	\$ 1,118,333
Portfolio turnover rate <sup>G</sup>	116% <sup>A</sup>	29%	29%	34%	20%	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 if certain expenses had not been reduced during the applicable periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> 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. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup> Amount represents less than \$.01 per share.

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
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 18.75	\$ 16.57	\$ 13.00	\$ 23.57	\$ 25.87	\$ 25.17
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.19	.25	.29	.41	.39	.38
Net realized and unrealized gain (loss)	.99	2.21	3.58	(10.50)	(.04)	4.32
Total from investment operations	1.18	2.46	3.87	(10.09)	.35	4.70
Distributions from net investment income	—	(.28)	(.30)	(.46)	(.44)	(.78)
Distributions from net realized gain	—	—	—	(.02)	(2.21)	(3.22)
Total distributions	—	(.28)	(.30)	(.48)	(2.65)	(4.00)
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 19.93	\$ 18.75	\$ 16.57	\$ 13.00	\$ 23.57	\$ 25.87
<b>Total Return</b> <sup>B,C,D</sup>	6.29%	14.92%	29.88%	(42.81) %	1.27%	19.93%
<b>Ratios to Average Net Assets</b> <sup>F,H</sup>						
Expenses before reductions	.80% <sup>A</sup>	.81%	.83%	.82%	.80%	.82%
Expenses net of fee waivers, if any	.80% <sup>A</sup>	.80%	.83%	.82%	.80%	.82%
Expenses net of all reductions	.80% <sup>A</sup>	.80%	.83%	.82%	.80%	.82%
Net investment income (loss)	1.87% <sup>A</sup>	1.46%	2.04%	2.12%	1.46%	1.51%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 1,632,860	\$ 1,619,356	\$ 1,558,421	\$ 1,321,569	\$ 2,583,129	\$ 2,373,059
Portfolio turnover rate <sup>G</sup>	116% <sup>A</sup>	29%	29%	34%	20%	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 if certain expenses had not been reduced during the applicable periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> 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. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup> Amount represents less than \$.01 per share.

## Financial Highlights — Service Class 2R

	Six months ended June 30, 2011		Years ended December 31,			
	(Unaudited)	2010	2009	2008	2007	2006
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 18.66	\$ 16.49	\$ 12.93	\$ 23.44	\$ 25.73	\$ 25.08
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.18	.25	.28	.41	.39	.38
Net realized and unrealized gain (loss)	1.00	2.20	3.58	(10.45)	(.04)	4.29
Total from investment operations	1.18	2.45	3.86	(10.04)	.35	4.67
Distributions from net investment income	—	(.28)	(.30)	(.45)	(.43)	(.80)
Distributions from net realized gain	—	—	—	(.02)	(2.21)	(3.22)
Total distributions	—	(.28)	(.30)	(.47)	(2.64)	(4.02)
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 19.84	\$ 18.66	\$ 16.49	\$ 12.93	\$ 23.44	\$ 25.73
<b>Total Return</b> <sup>B,C,D</sup>	6.32%	14.90%	29.95%	(42.82) %	1.27%	19.89%
<b>Ratios to Average Net Assets</b> <sup>F,H</sup>						
Expenses before reductions	.80% <sup>A</sup>	.81%	.83%	.82%	.80%	.82%
Expenses net of fee waivers, if any	.80% <sup>A</sup>	.80%	.83%	.82%	.80%	.82%
Expenses net of all reductions	.80% <sup>A</sup>	.80%	.83%	.81%	.79%	.81%
Net investment income (loss)	1.88% <sup>A</sup>	1.46%	2.04%	2.12%	1.46%	1.51%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 5,461	\$ 5,405	\$ 5,259	\$ 5,339	\$ 13,558	\$ 17,089
Portfolio turnover rate <sup>G</sup>	116% <sup>A</sup>	29%	29%	34%	20%	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 if certain expenses had not been reduced during the applicable periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> 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. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup> Amount represents less than \$.01 per share.

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

## Financial Highlights – Investor Class

	Six months ended	Years ended December 31,				
	June 30, 2011 (Unaudited)	2010	2009	2008	2007	2006
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 18.97	\$ 16.77	\$ 13.15	\$ 23.85	\$ 26.15	\$ 25.48
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.20	.28	.31	.44	.44	.42
Net realized and unrealized gain (loss)	1.02	2.23	3.64	(10.63)	(.05)	4.36
Total from investment operations	1.22	2.51	3.95	(10.19)	.39	4.78
Distributions from net investment income	—	(.31)	(.33)	(.49)	(.48)	(.89)
Distributions from net realized gain	—	—	—	(.02)	(2.21)	(3.22)
Total distributions	—	(.31)	(.33)	(.51)	(2.69)	(4.11)
Redemption fees added to paid in capital <sup>E,I</sup>	—	—	—	—	—	—
Net asset value, end of period	\$ 20.19	\$ 18.97	\$ 16.77	\$ 13.15	\$ 23.85	\$ 26.15
<b>Total Return<sup>B,C,D</sup></b>	6.43%	15.04%	30.09%	(42.71) %	1.39%	20.04%
<b>Ratios to Average Net Assets<sup>F,H</sup></b>						
Expenses before reductions	.64% <sup>A</sup>	.65%	.68%	.66%	.66%	.69%
Expenses net of fee waivers, if any	.64% <sup>A</sup>	.64%	.68%	.66%	.66%	.69%
Expenses net of all reductions	.63% <sup>A</sup>	.64%	.68%	.66%	.66%	.69%
Net investment income (loss)	2.04% <sup>A</sup>	1.62%	2.19%	2.28%	1.60%	1.63%
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$ 188,017	\$ 165,946	\$ 147,358	\$ 122,483	\$ 230,534	\$ 170,050
Portfolio turnover rate <sup>G</sup>	116% <sup>A</sup>	29%	29%	34%	20%	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 if certain expenses had not been reduced during the applicable periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> 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. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>I</sup> Amount represents less than \$.01 per share.

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 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 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](http://www.sec.gov). In addition, the financial statements of the Fidelity Central Funds, are available on the SEC web site or upon request.

## 3. Significant Accounting Policies.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. 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, changes in interest rates and credit quality. 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, as well as a roll forward of Level 3 securities, is included at the end of the Fund's Schedule of Investments. Valuation techniques used to value the Fund's investments by major category are as follows:

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

## Notes to Financial Statements (Unaudited) – continued

### 3. Significant Accounting Policies – continued

#### Security Valuation – continued

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 corporate bonds and floating rate loans, 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.

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.

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

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

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

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

**Expenses.** 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. 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 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.

### 3. Significant Accounting Policies – continued

#### Income Tax Information and Distributions to Shareholders – continued

Book-tax differences are primarily due to foreign currency transactions, certain foreign taxes, market discount, deferred trustees compensation, capital loss carryforwards 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 .....	\$	915,308,661
Gross unrealized depreciation .....		(644,898,679)
Net unrealized appreciation (depreciation) on securities and other investments .....	\$	<u>270,409,982</u>
Tax cost .....	\$	<u>5,856,286,743</u>

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.

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

**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. 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.

**Loans and Other Direct Debt Instruments.** The Fund may invest in loans and loan participations, trade claims or other receivables. These investments may include standby financing commitments, including revolving credit facilities, that obligate the Fund to supply additional cash to the borrower on demand. Loan participations involve a risk of insolvency of the lending bank or other financial intermediary. The Fund may be contractually obligated to receive approval from the agent bank and/or borrower prior to the sale of these investments.

### 5. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$3,526,719,084 and \$3,808,678,288, 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 .26% during the period. The group fee rate is based upon the average net assets of all the mutual funds advised by FMR. The group fee rate decreases as assets under management increase and increases as assets under management decrease. For the period, the total annualized management fee rate was .46% of the Fund's average net assets.

**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 and Service Class 2R's average net assets.

## Notes to Financial Statements (Unaudited) – continued

### 6. Fees and Other Transactions with Affiliates – continued

#### Distribution and Service Plan Fees – continued

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 .....	\$	208,550
Service Class 2 .....		2,083,517
Service Class 2R .....		7,183
	\$	<u>2,299,250</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. In addition, FIIOC receives an asset-based fee of .0045% of average net assets for typesetting, printing and mailing of shareholder reports, except proxy statements. For the period, transfer agent fees for each class, including printing and out of pocket expenses, were as follows:

Initial Class .....	\$	1,406,373
Service Class .....		151,027
Service Class 2 .....		605,792
Service Class 2R .....		2,064
Investor Class .....		144,356
	\$	<u>2,309,612</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 \$74,682 for the period.

### 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 \$10,362 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 through a lending agent from time to time in order to earn additional income. The lending agent may loan securities to certain qualified borrowers, including Fidelity Capital Markets (FCM), a broker-dealer affiliated with the Fund. 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. At period end, there were no security loans outstanding with FCM. Security lending income represents the income earned on investing cash collateral, less rebates paid to borrowers and lending agent fees associated with the loan, 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 \$722,115, including \$523 from securities loaned to FCM.

## 9. Bank Borrowings.

The Fund is permitted to have bank borrowings for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity requirements. The Fund has established borrowing arrangements with certain banks. The interest rate on the borrowings is the bank's base rate, as revised from time to time. The average daily loan balance during the period for which loans were outstanding amounted to \$12,791,000. The weighted average interest rate was .59%. The interest expense amounted to \$210 under the bank borrowing program. At period end, there were no bank borrowings outstanding.

## 10. Expense Reductions.

Many of the brokers with whom FMR places trades on behalf of the Fund provided services to the Fund in addition to trade execution. These services included payments of certain expenses on behalf of the Fund totaling \$251,855 for the period. In addition, through arrangements with the Fund's custodian, credits realized as a result of uninvested cash balances were used to reduce the Fund's expenses. During the period, these credits reduced the Fund's custody expenses by \$121.

## 11. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2011	Year ended December 31, 2010
<b>From net investment income</b>		
Initial Class .....	\$ —	\$ 64,973,877
Service Class .....	—	6,737,480
Service Class 2 .....	—	24,391,968
Service Class 2R .....	—	80,537
Investor Class .....	—	2,695,227
Total .....	<u>\$ —</u>	<u>\$ 98,879,089</u>

## 12. 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
<b>Initial Class</b>				
Shares sold .....	2,333,006	4,740,512	\$ 46,663,522	\$ 82,331,514
Reinvestment of distributions .....	—	3,504,835	—	64,973,877
Shares redeemed .....	(15,099,579)	(32,979,175)	(302,527,660)	(570,621,114)
Net increase (decrease) .....	<u>(12,766,573)</u>	<u>(24,733,828)</u>	<u>\$ (255,864,138)</u>	<u>\$ (423,315,723)</u>
<b>Service Class</b>				
Shares sold .....	338,145	702,398	\$ 6,729,999	\$ 12,089,968
Reinvestment of distributions .....	—	364,809	—	6,737,480
Shares redeemed .....	(2,370,484)	(4,898,823)	(47,447,070)	(84,563,059)
Net increase (decrease) .....	<u>(2,032,339)</u>	<u>(3,831,616)</u>	<u>\$ (40,717,071)</u>	<u>\$ (65,735,611)</u>
<b>Service Class 2</b>				
Shares sold .....	3,352,790	6,065,151	\$ 65,935,176	\$ 102,701,453
Reinvestment of distributions .....	—	1,335,936	—	24,391,968
Shares redeemed .....	(7,814,594)	(15,068,707)	(154,055,595)	(257,524,680)
Net increase (decrease) .....	<u>(4,461,804)</u>	<u>(7,667,620)</u>	<u>\$ (88,120,419)</u>	<u>\$ (130,431,259)</u>
<b>Service Class 2R</b>				
Shares sold .....	39,314	174,505	\$ 774,165	\$ 2,953,931
Reinvestment of distributions .....	—	4,431	—	80,537
Shares redeemed .....	(53,727)	(208,193)	(1,053,172)	(3,392,012)
Net increase (decrease) .....	<u>(14,413)</u>	<u>(29,257)</u>	<u>\$ (279,007)</u>	<u>\$ (357,544)</u>

## Notes to Financial Statements (Unaudited) – continued

### 12. Share Transactions – continued

Transactions for each class of shares were as follows: – continued

Investor Class	Shares		Dollars	
	Six months ended June 30, 2011	Year ended December 31, 2010	Six months ended June 30, 2011	Year ended December 31, 2010
Shares sold .....	1,027,792	1,468,527	\$ 20,482,196	\$ 25,723,911
Reinvestment of distributions .....	—	145,666	—	2,695,227
Shares redeemed .....	(461,759)	(1,656,459)	(9,216,555)	(28,469,151)
Net increase (decrease) .....	<u>566,033</u>	<u>(42,266)</u>	<u>\$ 11,265,641</u>	<u>\$ (50,013)</u>

### 13. Other.

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

At the end of the period, 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 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