

Fidelity® Variable Insurance Products: Contrafund Portfolio



Semiannual Report
June 30, 2011



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

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

A fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Forms N-Q are available on the SEC's web site at <http://www.sec.gov>. A fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330. For a complete list of a fund's portfolio holdings, view the most recent holdings listing, semiannual report, or annual report on Fidelity's web site at <http://www.fidelity.com>, <http://www.advisor.fidelity.com>, or <http://www.401k.com> as applicable.

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

Neither the fund nor Fidelity Distributors Corporation is a bank.

Shareholder Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, 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
Initial Class	.64%			
Actual		\$ 1,000.00	\$ 1,051.90	\$ 3.26
Hypothetical ^A		\$ 1,000.00	\$ 1,021.62	\$ 3.21
Service Class	.74%			
Actual		\$ 1,000.00	\$ 1,051.20	\$ 3.76
Hypothetical ^A		\$ 1,000.00	\$ 1,021.12	\$ 3.71
Service Class 2	.89%			
Actual		\$ 1,000.00	\$ 1,050.20	\$ 4.52
Hypothetical ^A		\$ 1,000.00	\$ 1,020.38	\$ 4.46
Service Class 2R	.89%			
Actual		\$ 1,000.00	\$ 1,050.30	\$ 4.52
Hypothetical ^A		\$ 1,000.00	\$ 1,020.38	\$ 4.46
Investor Class	.73%			
Actual		\$ 1,000.00	\$ 1,051.30	\$ 3.71
Hypothetical ^A		\$ 1,000.00	\$ 1,021.17	\$ 3.66

^A 5% return per year before expenses

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

Investment Changes (Unaudited)

Top Ten Stocks as of June 30, 2011

	% of fund's net assets	% of fund's net assets 6 months ago
Apple, Inc.	3.8	4.5
Wells Fargo & Co.	2.2	1.5
Citigroup, Inc.	2.0	1.8
Procter & Gamble Co.	2.0	2.1
The Coca-Cola Co.	1.7	1.7
QUALCOMM, Inc.	1.7	0.4
Google, Inc. Class A	1.6	0.0
Royal Dutch Shell PLC Class B sponsored ADR	1.3	1.6
MetLife, Inc.	1.2	1.0
U.S. Bancorp, Delaware	1.2	0.6
	<u>18.7</u>	

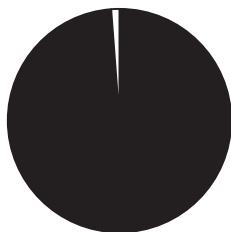
Market Sectors as of June 30, 2011

	% of fund's net assets	% of fund's net assets 6 months ago
Information Technology	18.6	18.8
Financials	14.9	16.2
Energy	12.4	11.8
Industrials	11.1	11.1
Health Care	11.0	10.4
Consumer Staples	10.3	10.3
Consumer Discretionary	10.1	10.0
Utilities	3.3	3.2
Materials	3.2	3.4
Telecommunication Services	3.2	3.3

Asset Allocation (% of fund's net assets)

As of June 30, 2011*

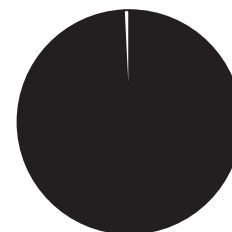
- Stocks and Equity Futures 98.8%
- Short-Term Investments and Net Other Assets 1.2%



* Foreign investments 20.8%

As of December 31, 2010**

- Stocks and Equity Futures 99.2%
- Short-Term Investments and Net Other Assets 0.8%



** Foreign investments 16.2%

Investments June 30, 2011 (Unaudited)

Showing Percentage of Net Assets

Common Stocks – 97.4%

	Shares	Value
CONSUMER DISCRETIONARY – 9.4%		
Distributors – 0.0%		
Indiabulls Wholesale Services Ltd.	676,542	\$ 157,653
Hotels, Restaurants & Leisure – 2.2%		
Arcos Dorados Holdings, Inc.	1,711,300	36,091,317
Befair Group PLC (d)	2,844,952	34,540,757
Las Vegas Sands Corp. (a)	2,220,086	93,709,830
Pinnacle Entertainment, Inc. (a)	2,099,550	31,283,295
Starbucks Corp.	2,428,269	95,892,343
Yum! Brands, Inc.	1,573,027	86,894,011
		<u>378,411,553</u>
Internet & Catalog Retail – 1.1%		
Amazon.com, Inc. (a)	501,797	102,612,469
Priceline.com, Inc. (a)	179,723	92,005,595
		<u>194,618,064</u>
Leisure Equipment & Products – 0.3%		
Hasbro, Inc.	1,090,187	47,891,915
Media – 3.3%		
DIRECTV (a)	3,310,163	168,222,484
Focus Media Holding Ltd. ADR (a)	738,760	22,975,436
Legend Pictures LLC (g)(h)	6,611	4,958,250
Pandora Media, Inc.	332,062	6,279,292
The Walt Disney Co.	4,794,773	187,187,938
The Weinstein Co. II Holdings, LLC Class A-1 (a)(g)(h)	11,499	4,312,125
Time Warner, Inc.	4,432,793	161,220,681
		<u>555,156,206</u>
Multiline Retail – 0.4%		
Dollar General Corp. (a)	2,042,369	69,215,885
Specialty Retail – 1.5%		
Abercrombie & Fitch Co. Class A	1,364,974	91,344,060
Limited Brands, Inc.	2,367,999	91,049,562
Urban Outfitters, Inc. (a)	107,978	3,039,581
Williams-Sonoma, Inc.	1,687,300	61,569,577
		<u>247,002,780</u>
Textiles, Apparel & Luxury Goods – 0.6%		
Crocs, Inc. (a)	1,904,753	49,047,390
LVMH Moët Hennessy – Louis Vuitton ...	207,503	37,346,853
Under Armour, Inc. Class A (sub. vtg.) (a)	306,759	23,715,538
		<u>110,109,781</u>
TOTAL CONSUMER DISCRETIONARY		<u>1,602,563,837</u>
CONSUMER STAPLES – 10.3%		
Beverages – 4.0%		
Anheuser-Busch InBev SA NV	799,065	46,380,465
Coca-Cola Bottling Co. Consolidated ...	127,918	8,654,932
Coca-Cola FEMSA SAB de CV sponsored ADR	98,047	9,119,351
Coca-Cola Icecek AS	578,362	8,534,144

	Shares	Value
Companhia de Bebidas das Americas (AmBev) (PN) sponsored ADR	275,170	\$ 9,281,484
Constellation Brands, Inc. Class A (sub. vtg.) (a)	2,546,231	53,012,529
Diageo PLC sponsored ADR	771,483	63,161,313
Embotelladora Andina SA sponsored ADR	317,936	9,172,454
Molson Coors Brewing Co. Class B	1,308,542	58,544,169
PepsiCo, Inc.	868,850	61,193,106
Pernod-Ricard SA	477,279	47,048,680
Remy Cointreau SA	166,595	14,023,203
The Coca-Cola Co.	4,414,620	297,059,780
		<u>685,185,610</u>
Food & Staples Retailing – 1.1%		
CVS Caremark Corp.	4,267,217	160,362,015
Fresh Market, Inc.	19,700	761,996
Walgreen Co.	665,745	28,267,533
		<u>189,391,544</u>
Food Products – 0.9%		
Archer Daniels Midland Co.	329,171	9,924,506
Bunge Ltd.	395,748	27,286,825
Danone	251,700	18,781,334
Green Mountain Coffee Roasters, Inc. (a)	59,272	5,290,619
Nestle SA	488,924	30,386,914
Unilever NV unit	1,662,247	54,604,814
Viterra, Inc.	429,900	4,671,663
		<u>150,946,675</u>
Household Products – 2.3%		
Colgate-Palmolive Co.	519,366	45,397,782
Procter & Gamble Co.	5,376,525	341,785,694
		<u>387,183,476</u>
Personal Products – 0.6%		
Avon Products, Inc.	1,840,909	51,545,452
L'Oreal SA	370,500	48,123,826
Nu Skin Enterprises, Inc. Class A	50,000	1,877,500
		<u>101,546,778</u>
Tobacco – 1.4%		
Altria Group, Inc.	754,266	19,920,165
British American Tobacco PLC sponsored ADR	1,771,568	155,897,984
Philip Morris International, Inc.	892,374	59,583,812
Souza Cruz Industria Comerico	724,800	9,220,760
		<u>244,622,721</u>
TOTAL CONSUMER STAPLES		<u>1,758,876,804</u>
ENERGY – 12.4%		
Energy Equipment & Services – 4.0%		
Aker Drilling ASA (a)	852,600	2,655,287
Aker Solutions ASA	697,700	13,968,486
Baker Hughes, Inc.	1,821,788	132,188,937
C&J Energy Services, Inc. (a)(e)	482,300	7,475,650

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

Investments (Unaudited) – continued

Common Stocks – continued

	Shares	Value
ENERGY – continued		
Energy Equipment & Services – continued		
Discovery Offshore S.A. (a)(e)	1,310,900	\$ 2,600,221
Dresser-Rand Group, Inc. (a)	319,476	17,171,835
EnSCO International Ltd. ADR	488,601	26,042,433
Halliburton Co.	3,158,832	161,100,432
National Oilwell Varco, Inc.	902,457	70,581,162
Noble Corp.	1,435,500	56,573,055
Ocean Rig UDW, Inc. (a)	134,000	2,459,217
Oceaneering International, Inc.	726,406	29,419,443
Saipem SpA	445,866	23,020,365
Schlumberger Ltd.	761,579	65,800,426
TETRA Technologies, Inc. (a)	559,100	7,117,343
Transocean Ltd. (United States)	885,275	57,153,354
Vantage Drilling Co. (a)	5,923,400	10,780,588
		<u>686,108,234</u>
Oil, Gas & Consumable Fuels – 8.4%		
Alpha Natural Resources, Inc. (a)	691,722	31,431,848
Anadarko Petroleum Corp.	424,317	32,570,573
Apache Corp.	1,008,383	124,424,378
BP PLC	1,029,933	7,583,144
BP PLC sponsored ADR	2,189,408	96,968,880
Canadian Natural Resources Ltd.	979,800	41,075,606
CVR Energy, Inc. (a)	345,840	8,514,581
Exxon Mobil Corp.	2,309,733	187,966,072
Falkland Oil & Gas Ltd. (a)	844,214	765,507
Frontier Oil Corp.	619,878	20,028,258
Holly Corp.	1,045,586	72,563,668
InterOil Corp. (a)(d)	370,048	21,651,508
Kosmos Energy Ltd.	312,100	5,299,458
Marathon Oil Corp.	2,669,080	140,607,134
Niko Resources Ltd.	284,322	17,750,962
Occidental Petroleum Corp.	1,350,811	140,538,376
Petrobank Energy & Resources Ltd. (a)	1,117,300	16,404,985
Repsol YPF SA (d)	1,239,758	43,044,624
Resolute Energy Corp. (a)(d)	1,120,068	18,100,299
Rockhopper Exploration PLC (a)	260,700	1,125,489
Rodinia Oil Corp. (a)	603,000	756,564
Royal Dutch Shell PLC:		
Class A sponsored ADR (d)	89,833	6,389,821
Class B sponsored ADR	3,003,962	215,534,274
Talisman Energy, Inc.	2,558,000	52,544,567
Targa Resources Corp.	256,400	8,579,144
Western Refining, Inc. (a)(d)	796,928	14,400,489
Whiting Petroleum Corp. (a)	797,900	45,408,489
Williams Companies, Inc.	1,619,100	48,977,775
		<u>1,421,006,473</u>
TOTAL ENERGY		<u>2,107,114,707</u>

FINANCIALS – 14.9%

Capital Markets – 2.2%

	Shares	Value
E*TRADE Financial Corp. (a)	2,201,300	\$ 30,377,940
Evercore Partners, Inc. Class A	370,900	12,358,388
ICAP PLC	1,181,055	8,965,598
Invesco Ltd.	1,190,307	27,853,184
Morgan Stanley	4,319,434	99,390,176
State Street Corp.	3,489,626	157,347,236
TD Ameritrade Holding Corp.	1,693,700	33,044,087
		<u>369,336,609</u>

Commercial Banks – 5.0%

	Shares	Value
Banco Macro SA sponsored ADR	192,634	7,270,007
BB&T Corp.	1,800,175	48,316,697
CIT Group, Inc. (a)	435,536	19,276,823
Comerica, Inc.	328,979	11,372,804
FirstMerit Corp.	1,155,485	19,077,057
Huntington Bancshares, Inc.	6,807,180	44,655,101
KeyCorp	2,271,210	18,919,179
PT Bank Rakyat Indonesia Tbk	11,438,500	8,669,090
Regions Financial Corp.	2,359,500	14,628,900
Sumitomo Mitsui Financial Group, Inc.	564,400	17,398,777
SunTrust Banks, Inc.	1,984,650	51,203,970
Synovus Financial Corp.	7,697,400	16,010,592
U.S. Bancorp	7,754,089	197,806,810
Wells Fargo & Co.	13,493,503	378,627,694
		<u>853,233,501</u>

Consumer Finance – 0.8%

	Shares	Value
Capital One Financial Corp.	956,086	49,400,964
Discover Financial Services	912,872	24,419,326
Green Dot Corp. Class A (d)	269,884	9,170,658
Promise Co. Ltd. (d)	1,275,900	10,860,830
SLM Corp.	2,485,408	41,779,708
		<u>135,631,486</u>

Diversified Financial Services – 2.5%

	Shares	Value
African Bank Investments Ltd.	3,022,441	15,385,314
Citigroup, Inc.	8,329,138	346,825,306
CME Group, Inc.	161,942	47,220,668
ING Groep NV (Certificaten Van Aandelen) (a)	662,900	8,170,100
NBH Holdings Corp. Class A (a)(e)	813,800	14,648,400
		<u>432,249,788</u>

Insurance – 2.8%

	Shares	Value
ACE Ltd.	576,032	37,914,426
Amlin PLC	2,072,127	13,505,085
Aon Corp.	641,639	32,916,081
Berkshire Hathaway, Inc.:		
Class A (a)	244	28,329,620
Class B (a)	1,021,614	79,062,707
Fairfax Financial Holdings Ltd. (sub. vtg.)	126,300	50,551,431
Genworth Financial, Inc. Class A (a)	1,252,200	12,872,616

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

Common Stocks – continued

	Shares	Value
FINANCIALS – continued		
Insurance – continued		
MetLife, Inc.	4,763,477	\$ 208,973,736
Validus Holdings Ltd.	160,976	4,982,207
		<u>469,107,909</u>
Real Estate Investment Trusts – 1.1%		
Camden Property Trust (SBI)	81,055	5,156,719
Equity Lifestyle Properties, Inc.	114,500	7,149,380
Prologis, Inc.	1,920,210	68,820,326
Public Storage	271,405	30,942,884
SL Green Realty Corp.	280,173	23,217,937
The Macerich Co.	614,099	32,854,297
Weyerhaeuser Co.	832,939	18,208,047
		<u>186,349,590</u>
Real Estate Management & Development – 0.3%		
Ayala Land, Inc.	26,442,000	9,517,656
BR Malls Participacoes SA	1,699,600	19,433,643
Indiabulls Real Estate Ltd. (a)	4,749,934	11,978,603
PT Lippo Karawaci Tbk	164,758,750	12,486,851
		<u>53,416,753</u>
Thriffs & Mortgage Finance – 0.2%		
Ocwen Financial Corp. (a)	2,435,410	31,075,832
		<u>31,075,832</u>
TOTAL FINANCIALS		<u>2,530,401,468</u>
HEALTH CARE – 11.0%		
Biotechnology – 2.0%		
Amgen, Inc. (a)	2,058,118	120,091,185
AVEO Pharmaceuticals, Inc. (a)	518,044	10,676,887
AVEO Pharmaceuticals, Inc.	107,096	2,207,249
Biogen Idec, Inc. (a)	946,924	101,245,114
BioMarin Pharmaceutical, Inc. (a)	786,430	21,398,760
Gilead Sciences, Inc. (a)	1,833,397	75,920,970
Human Genome Sciences, Inc. (a)	226,227	5,551,611
Medivir AB (B Shares) (a)	424,384	8,840,774
		<u>345,932,550</u>
Health Care Equipment & Supplies – 2.8%		
Baxter International, Inc.	1,974,205	117,840,296
Boston Scientific Corp. (a)	6,787,739	46,903,276
C. R. Bard, Inc.	338,840	37,224,962
Covidien PLC	2,853,441	151,888,664
Edwards Lifesciences Corp. (a)	617,950	53,872,881
Mako Surgical Corp. (a)(d)	763,217	22,690,441
Masimo Corp.	421,879	12,521,369
Quidel Corp. (a)	1,433,104	21,711,526

	Shares	Value
Shandong Weigao Group Medical Polymer Co. Ltd. (H Shares)	6,000,000	\$ 8,651,010
William Demant Holding A/S (a)	110,782	9,999,612
		<u>483,304,037</u>
Health Care Providers & Services – 2.8%		
CIGNA Corp.	980,039	50,403,406
HCA Holdings, Inc.	874,800	28,868,400
Henry Schein, Inc. (a)	871,900	62,419,321
McKesson Corp.	1,363,177	114,029,756
Medco Health Solutions, Inc. (a)	967,136	54,662,527
Omnicare, Inc.	927,000	29,562,030
Shanghai Pharmaceuticals Holding Co. Ltd. (H Shares)	2,457,300	6,615,534
UnitedHealth Group, Inc.	2,485,468	128,200,439
		<u>474,761,413</u>
Life Sciences Tools & Services – 0.6%		
Agilent Technologies, Inc. (a)	1,043,669	53,341,923
Fluidigm Corp. (g)	312,345	4,714,223
Illumina, Inc. (a)	499,691	37,551,779
		<u>95,607,925</u>
Pharmaceuticals – 2.8%		
Bayer AG	195,832	15,745,800
GlaxoSmithKline PLC sponsored ADR ..	1,189,500	51,029,550
Merck & Co., Inc.	2,476,136	87,382,839
Novo Nordisk A/S Series B	139,257	17,448,399
Pfizer, Inc.	8,481,989	174,728,973
Shire PLC sponsored ADR	706,200	66,531,102
Valeant Pharmaceuticals International, Inc. (Canada)	1,234,060	64,172,656
		<u>477,039,319</u>
TOTAL HEALTH CARE		<u>1,876,645,244</u>
INDUSTRIALS – 11.1%		
Aerospace & Defense – 4.3%		
Bombardier, Inc. Class B (sub. vtg.)	5,908,400	42,579,200
Goodrich Corp.	864,497	82,559,464
Honeywell International, Inc.	1,725,275	102,809,137
MTU Aero Engines Holdings AG	262,160	20,942,003
Precision Castparts Corp.	563,798	92,829,341
Safran SA	905,465	38,673,619
Textron, Inc.	1,989,090	46,962,415
The Boeing Co.	1,630,892	120,571,846
United Technologies Corp.	2,175,851	192,584,572
		<u>740,511,597</u>
Building Products – 0.5%		
Armstrong World Industries, Inc.	302,008	13,759,484
Lennox International, Inc.	666,725	28,715,846
Owens Corning (a)	1,113,601	41,592,997
		<u>84,068,327</u>

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

Investments (Unaudited) – continued

Common Stocks – continued

	Shares	Value
INDUSTRIALS – continued		
Commercial Services & Supplies – 0.4%		
Republic Services, Inc.	1,450,569	\$ 44,750,054
Stericycle, Inc. (a)	220,641	19,663,526
Swisher Hygiene, Inc. (g)	523,085	2,650,472
Swisher Hygiene, Inc. (g)	1,411,610	7,947,364
		<u>75,011,416</u>
Construction & Engineering – 0.4%		
Fluor Corp.	557,350	36,038,251
Foster Wheeler AG (a)	1,046,432	31,790,604
		<u>67,828,855</u>
Electrical Equipment – 1.5%		
Acuity Brands, Inc.	463,337	25,844,938
Alstom SA (d)	695,671	42,899,774
Cooper Industries PLC Class A	639,375	38,151,506
Emerson Electric Co.	1,221,886	68,731,088
GrafTech International Ltd. (a)	907,081	18,386,532
Regal-Beloit Corp.	815,326	54,439,317
		<u>248,453,155</u>
Industrial Conglomerates – 1.3%		
General Electric Co.	9,178,319	173,103,096
Tyco International Ltd.	962,100	47,556,603
		<u>220,659,699</u>
Machinery – 1.6%		
Caterpillar, Inc.	624,523	66,486,719
Cummins, Inc.	458,386	47,438,367
Danaher Corp.	1,746,704	92,557,845
Fanuc Corp.	123,300	20,613,483
Pall Corp.	431,673	24,272,973
Vallourec SA	105,698	12,875,147
		<u>264,244,534</u>
Road & Rail – 1.1%		
CSX Corp.	3,062,505	80,298,881
Union Pacific Corp.	1,099,761	114,815,048
		<u>195,113,929</u>
TOTAL INDUSTRIALS		<u>1,895,891,512</u>
INFORMATION TECHNOLOGY – 18.6%		
Communications Equipment – 2.5%		
Alcatel-Lucent SA sponsored ADR (a) ..	7,564,602	43,647,754
Aruba Networks, Inc. (a)(d)	1,912,459	56,513,163
Ciena Corp. (a)	2,120,843	38,981,094
Juniper Networks, Inc. (a)	134,503	4,236,845
QUALCOMM, Inc.	4,917,309	279,253,978
		<u>422,632,834</u>
Computers & Peripherals – 5.4%		
Apple, Inc. (a)	1,943,279	652,300,464
EMC Corp. (a)	6,539,426	180,161,186
Imagination Technologies Group PLC (a)	1,613,506	9,765,064

	Shares	Value
SanDisk Corp. (a)	401,908	\$ 16,679,182
Western Digital Corp. (a)	1,693,195	61,598,434
		<u>920,504,330</u>
Electronic Equipment & Components – 0.2%		
HLS Systems International Ltd. (a)(d) ...	1,396,103	13,011,680
TPK Holdings Co.	384,000	11,667,274
		<u>24,678,954</u>
Internet Software & Services – 2.5%		
Baidu.com, Inc. sponsored ADR (a)	316,227	44,312,890
Dice Holdings, Inc. (a)	865,054	11,695,530
Google, Inc. Class A (a)	531,564	269,173,378
Mail.ru Group Ltd. GDR (a)(e)	434,066	14,419,673
Renren, Inc. ADR (d)	1,501,199	13,285,611
WebMD Health Corp. (a)	1,297,812	59,154,271
Yandex NV	181,212	6,434,838
		<u>418,476,191</u>
IT Services – 1.0%		
Accenture PLC Class A	1,159,236	70,041,039
Cognizant Technology Solutions Corp. Class A (a)	284,349	20,854,156
Digital Garage, Inc. (a)	3,663	14,953,199
Visa, Inc. Class A	799,609	67,375,054
		<u>173,223,448</u>
Semiconductors & Semiconductor Equipment – 4.2%		
Analog Devices, Inc.	2,628,735	102,888,688
ARM Holdings PLC sponsored ADR (d) .	2,640,098	75,057,986
ASML Holding NV	2,456,381	90,787,842
Avago Technologies Ltd.	1,398,625	53,147,750
First Solar, Inc. (a)(d)	324,438	42,913,414
Inotera Memories, Inc. (a)	44,304,698	13,615,174
Intersil Corp. Class A	1,381,863	17,756,940
KLA-Tencor Corp.	1,092,940	44,242,211
Lam Research Corp. (a)	1,053,975	46,670,013
Marvell Technology Group Ltd. (a)	4,744,052	70,045,928
Micron Technology, Inc. (a)	17,104,142	127,938,982
Nanya Technology Corp. (a)	25,007,159	7,033,630
Omnivision Technologies, Inc. (a)	727,817	25,335,310
		<u>717,433,868</u>
Software – 2.8%		
Ariba, Inc. (a)	1,211,749	41,768,988
Check Point Software Technologies Ltd. (a)	3,284,692	186,734,740
Fortinet, Inc. (a)	990,572	27,032,710
Microsoft Corp.	6,740,351	175,249,126
Nuance Communications, Inc. (a)	881,133	18,917,926
QLIK Technologies, Inc.	92,899	3,164,140
Taleo Corp. Class A (a)	723,198	26,780,022
		<u>479,647,652</u>
TOTAL INFORMATION TECHNOLOGY		<u>3,156,597,277</u>

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

Common Stocks – continued

	Shares	Value
MATERIALS – 3.2%		
Chemicals – 1.9%		
Air Products & Chemicals, Inc.	565,239	\$ 54,025,544
Albemarle Corp.	241,467	16,709,516
Arkema SA	214,900	22,125,416
Ashland, Inc.	583,816	37,726,190
Celanese Corp. Class A	580,328	30,937,286
CF Industries Holdings, Inc.	150,400	21,307,168
Dow Chemical Co.	646,814	23,285,304
LyondellBasell Industries NV Class A ...	922,661	35,540,902
Monsanto Co.	277,717	20,145,591
Olin Corp.	639,216	14,484,635
Potash Corp. of Saskatchewan, Inc. ...	216,100	12,342,169
Solutia, Inc. (a)	1,278,758	29,219,620
The Mosaic Co.	190,735	12,918,482
		<u>330,767,823</u>
Construction Materials – 0.1%		
HeidelbergCement AG	127,334	8,130,207
Containers & Packaging – 0.2%		
Ball Corp.	680,519	26,172,761
Rock-Tenn Co. Class A	189,049	12,541,511
		<u>38,714,272</u>
Metals & Mining – 1.0%		
Anglo American PLC (United Kingdom) .	1,553,849	76,995,219
AngloGold Ashanti Ltd. sponsored ADR	855,627	36,013,340
Carpenter Technology Corp.	31,980	1,844,606
MacArthur Coal Ltd.	1,860,598	21,850,630
Reliance Steel & Aluminum Co.	407,400	20,227,410
Walter Energy, Inc.	81,773	9,469,313
		<u>166,400,518</u>
TOTAL MATERIALS		<u>544,012,820</u>
TELECOMMUNICATION SERVICES – 3.2%		
Diversified Telecommunication Services – 2.1%		
AT&T, Inc.	3,240,225	101,775,467
CenturyLink, Inc.	3,996,444	161,576,231
Verizon Communications, Inc.	2,403,913	89,497,681
		<u>352,849,379</u>
Wireless Telecommunication Services – 1.1%		
America Movil SAB de CV Series L sponsored ADR	101,900	5,490,372
American Tower Corp. Class A (a)	1,764,263	92,323,883
Clearwire Corp. Class A (a)(d)	5,717,958	21,613,881
MetroPCS Communications, Inc. (a)	747,336	12,861,653
Sprint Nextel Corp. (a)	2,899,625	15,628,979
Vodafone Group PLC	8,171,800	21,668,011
Vodafone Group PLC sponsored ADR ..	604,000	16,138,880
		<u>185,725,659</u>
TOTAL TELECOMMUNICATION SERVICES		<u>538,575,038</u>

	Shares	Value
UTILITIES – 3.3%		
Electric Utilities – 1.7%		
American Electric Power Co., Inc. ...	560,055	\$ 21,102,872
Edison International	1,890,816	73,269,120
Exelon Corp.	1,210,935	51,876,455
FirstEnergy Corp.	985,056	43,490,222
NextEra Energy, Inc.	1,804,414	103,681,628
		<u>293,420,297</u>
Independent Power Producers & Energy Traders – 0.5%		
Constellation Energy Group, Inc. ...	1,020,808	38,749,872
NRG Energy, Inc. (a)	647,157	15,907,119
The AES Corp. (a)	2,316,729	29,515,127
		<u>84,172,118</u>
Multi-Utilities – 1.1%		
NiSource, Inc.	622,235	12,600,259
PG&E Corp.	1,261,574	53,023,955
Public Service Enterprise Group, Inc.	2,074,756	67,720,036
Sempra Energy	1,034,866	54,723,714
		<u>188,067,964</u>
TOTAL UTILITIES		<u>565,660,379</u>

TOTAL COMMON STOCKS
(Cost \$14,222,514,263) **16,576,339,086**

Nonconvertible Preferred Stocks – 0.7%

CONSUMER DISCRETIONARY – 0.7%

Automobiles – 0.7%

Volkswagen AG (Cost \$85,952,223)	571,804	118,049,054
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U.S. Treasury Obligations – 0.1%

	Principal Amount
U.S. Treasury Bills, yield at date of purchase 0.02% to 0.04% 9/15/11 (f) (Cost \$8,249,372)	\$ 8,250,000
	8,249,654

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

Investments (Unaudited) – continued

Money Market Funds – 3.2%

	Shares	Value
Fidelity Cash Central Fund, 0.11% (b)	384,890,130	\$ 384,890,130
Fidelity Securities Lending Cash Central Fund, 0.11% (b)(c) ...	166,768,558	166,768,558
TOTAL MONEY MARKET FUNDS (Cost \$551,658,688)		551,658,688
TOTAL INVESTMENT PORTFOLIO – 101.4% (Cost \$14,868,374,546)		17,254,296,482
NET OTHER ASSETS (LIABILITIES) – (1.4)%		(239,191,408)
NET ASSETS – 100%		\$ 17,015,105,074

Futures Contracts

	Expiration Date	Underlying Face Amount at Value	Unrealized Appreciation/ (Depreciation)
Purchased			
Equity Index Contracts			
1,935 CME E-mini S&P 500 Index Contracts	Sept. 2011	\$ 127,274,625	\$ 4,094,071

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

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	\$ 276,672
Fidelity Securities Lending Cash Central Fund	1,117,070
Total	<u>\$ 1,393,742</u>

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 \$39,143,944 or 0.2% of net assets.
- (f) Security or a portion of the security was pledged to cover margin requirements for futures contracts. At the period end, the value of securities pledged amounted to \$8,249,654.
- (g) Restricted securities – Investment in securities not registered under the Securities Act of 1933 (excluding 144A issues). At the end of the period, the value of restricted securities (excluding 144A issues) amounted to \$24,582,434 or 0.1% of net assets.
- (h) Investment is owned by an entity that is treated as a corporation for U.S. tax purposes which is owned by the Fund.

Additional information on each restricted holding is as follows:

Security	Acquisition Date	Acquisition Cost
Fluidigm Corp.	10/9/07 – 1/6/11	\$ 5,645,227
Legend Pictures LLC	9/23/10	\$ 4,958,250
Swisher Hygiene, Inc.	3/22/11	\$ 7,058,050
Swisher Hygiene, Inc.	4/15/11	\$ 4,027,755
The Weinstein Co. II Holdings, LLC Class A-1	10/19/05	\$ 11,499,000

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

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.

Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
Investments in Securities:				
Equities:				
Consumer Discretionary	\$ 1,720,612,891	\$ 1,711,184,863	\$ —	\$ 9,428,028
Consumer Staples	1,758,876,804	1,712,496,339	46,380,465	—
Energy	2,107,114,707	2,092,055,913	7,583,144	7,475,650
Financials	2,530,401,468	2,479,323,361	36,429,707	14,648,400
Health Care	1,876,645,244	1,854,482,622	22,162,622	—
Industrials	1,895,891,512	1,864,680,193	31,211,319	—
Information Technology	3,156,597,277	3,141,644,078	14,953,199	—
Materials	544,012,820	544,012,820	—	—
Telecommunication Services	538,575,038	516,907,027	21,668,011	—
Utilities	565,660,379	565,660,379	—	—
U.S. Government and Government Agency Obligations	8,249,654	—	8,249,654	—
Money Market Funds	551,658,688	551,658,688	—	—
Total Investments in Securities:	\$ 17,254,296,482	\$ 17,034,106,283	\$ 188,638,121	\$ 31,552,078
Derivative Instruments:				
Assets				
Futures Contracts	\$ 4,094,071	\$ 4,094,071	\$ —	\$ —

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

Investments in Securities:	
Beginning Balance	\$ 28,027,598
Total Realized Gain (Loss)	—
Total Unrealized Gain (Loss)	1,429,860
Cost of Purchases	158,917
Proceeds of Sales	(2,887,297)
Amortization/Accretion	—
Transfers in to Level 3	4,823,000
Transfers out of Level 3	—
Ending Balance	<u>\$ 31,552,078</u>
The change in unrealized gain (loss) for the period attributable to Level 3 securities held at June 30, 2011	\$ 1,430,686

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.

Value of Derivative Instruments

The following table is a summary of the Fund's value of derivative instruments by risk exposure as of June 30, 2011. For additional information on derivative instruments, please refer to the Derivative Instruments section in the accompanying Notes to Financial Statements.

Risk Exposure / Derivative Type	Value	
	Asset	Liability
Equity Risk		
Futures Contracts (a)	\$ 4,094,071	\$ —
Total Value of Derivatives	<u>\$ 4,094,071</u>	<u>\$ —</u>

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

Investments (Unaudited) – continued

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	5.2%
France	2.0%
Canada	1.9%
Switzerland	1.5%
Ireland	1.5%
Israel	1.1%
Netherlands	1.0%
Germany	1.0%
Others (Individually Less Than 1%)	5.6%
	<u>100.0%</u>

Income Tax Information

At December 31, 2010, the Fund had a capital loss carryforward of approximately \$4,050,914,844 of which \$1,715,915,916 and \$2,334,998,928 will expire in fiscal 2016 and 2017, respectively. Capital loss carryforwards are only available to offset future capital gains of the Fund to the extent provided by regulations and may be limited.

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

Financial Statements

Statement of Assets and Liabilities

June 30, 2011 (Unaudited)

Assets

Investment in securities, at value (including securities loaned of \$163,488,058) — See accompanying schedule:	
Unaffiliated issuers (cost \$14,316,715,858)	\$ 16,702,637,794
Fidelity Central Funds (cost \$551,658,688)	<u>551,658,688</u>
Total Investments (cost \$14,868,374,546)	\$ 17,254,296,482
Cash	2,404,120
Receivable for investments sold ...	242,063,461
Receivable for fund shares sold ...	9,648,340
Dividends receivable	21,873,841
Distributions receivable from Fidelity Central Funds	189,784
Receivable for daily variation on futures contracts	1,083,590
Other receivables	<u>1,348,975</u>
Total assets	<u>17,532,908,593</u>

Liabilities

Payable to Custodian Bank	\$ 1,802,521
Payable for investments purchased	326,616,122
Payable for fund shares redeemed	11,140,775
Accrued management fee	7,709,221
Distribution and service plan fees payable	1,705,246
Other affiliated payables	1,088,446
Other payables and accrued expenses	972,630
Collateral on securities loaned, at value	<u>166,768,558</u>
Total liabilities	<u>517,803,519</u>

Net Assets

Net Assets consist of:	
Paid in capital	\$ 17,756,843,284
Undistributed net investment income	57,732,774
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions	(3,189,594,163)
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies	<u>2,390,123,179</u>
Net Assets	<u>\$ 17,015,105,074</u>

Statement of Assets and Liabilities – continued

June 30, 2011 (Unaudited)

Initial Class:

Net Asset Value , offering price and redemption price per share (\$7,168,488,905 ÷ 285,371,598 shares)	<u>\$ 25.12</u>
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Service Class:

Net Asset Value , offering price and redemption price per share (\$1,412,944,304 ÷ 56,457,588 shares)	<u>\$ 25.03</u>
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Service Class 2:

Net Asset Value , offering price and redemption price per share (\$7,793,714,694 ÷ 315,868,471 shares)	<u>\$ 24.67</u>
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Service Class 2R:

Net Asset Value , offering price and redemption price per share (\$10,156,077 ÷ 412,527 shares)	<u>\$ 24.62</u>
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Investor Class:

Net Asset Value , offering price and redemption price per share (\$629,801,094 ÷ 25,167,538 shares)	<u>\$ 25.02</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, 2011 (Unaudited)

Investment Income		
Dividends		\$ 131,977,976
Interest		6,066
Income from Fidelity Central Funds		1,393,742
Total income		<u>133,377,784</u>
Expenses		
Management fee	\$ 47,953,620	
Transfer agent fees	6,486,033	
Distribution and service plan fees	10,570,017	
Accounting and security lending fees	804,378	
Custodian fees and expenses	295,918	
Independent trustees' compensation	44,398	
Appreciation in deferred trustee compensation account	31	
Audit	56,677	
Legal	15,474	
Miscellaneous	111,542	
Total expenses before reductions	66,338,088	
Expense reductions	(1,664,395)	64,673,693
Net investment income (loss)		<u>68,704,091</u>
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers	1,113,592,093	
Foreign currency transactions	(743,615)	
Futures contracts	3,951,732	
Total net realized gain (loss)		1,116,800,210
Change in net unrealized appreciation (depreciation) on:		
Investment securities	(335,764,041)	
Assets and liabilities in foreign currencies	61,422	
Futures contracts	2,499,092	
Total change in net unrealized appreciation (depreciation)		(333,203,527)
Net gain (loss)		<u>783,596,683</u>
Net increase (decrease) in net assets resulting from operations		<u>\$ 852,300,774</u>

Statement of Changes in Net Assets

	Six months ended June 30, 2011 (Unaudited)	Year ended December 31, 2010
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 68,704,091	\$ 156,808,770
Net realized gain (loss)	1,116,800,210	1,213,062,242
Change in net unrealized appreciation (depreciation)	(333,203,527)	1,272,193,349
Net increase (decrease) in net assets resulting from operations	<u>852,300,774</u>	<u>2,642,064,361</u>
Distributions to shareholders from net investment income	—	(173,609,742)
Distributions to shareholders from net realized gain	—	(7,015,810)
Total distributions	—	<u>(180,625,552)</u>
Share transactions – net increase (decrease)	(586,209,481)	(2,950,980,349)
Redemption fees	8,364	1,677
Total increase (decrease) in net assets	<u>266,099,657</u>	<u>(489,539,863)</u>
Net Assets		
Beginning of period	16,749,005,417	17,238,545,280
End of period (including undistributed net investment income of \$57,732,774 and distributions in excess of net investment income of \$10,971,317, respectively)	<u>\$ 17,015,105,074</u>	<u>\$ 16,749,005,417</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
Selected Per-Share Data						
Net asset value, beginning of period	\$ 23.88	\$ 20.62	\$ 15.39	\$ 27.90	\$ 31.47	\$ 31.03
Income from Investment Operations						
Net investment income (loss) ^E	.12	.23	.23	.24	.34	.27
Net realized and unrealized gain (loss)	1.12	3.31	5.26	(11.87)	5.17	3.30
Total from investment operations	1.24	3.54	5.49	(11.63)	5.51	3.57
Distributions from net investment income	—	(.27)	(.25)	(.23)	(.33)	(.42)
Distributions from net realized gain	—	(.01)	(.01)	(.65)	(8.75)	(2.71)
Total distributions	—	(.28)	(.26) ^J	(.88)	(9.08)	(3.13)
Redemption fees added to paid in capital ^{E,I}	—	—	—	—	—	—
Net asset value, end of period	\$ 25.12	\$ 23.88	\$ 20.62	\$ 15.39	\$ 27.90	\$ 31.47
Total Return ^{B,C,D}	5.19%	17.22%	35.71%	(42.51)%	17.59%	11.72%
Ratios to Average Net Assets ^{F,H}						
Expenses before reductions	.64% ^A	.65%	.67%	.66%	.65%	.66%
Expenses net of fee waivers, if any	.64% ^A	.65%	.67%	.66%	.65%	.66%
Expenses net of all reductions	.62% ^A	.63%	.65%	.65%	.64%	.65%
Net investment income (loss)	.92% ^A	1.06%	1.33%	1.07%	1.00%	.85%
Supplemental Data						
Net assets, end of period (000 omitted)	\$7,168,489	\$7,160,125	\$7,405,228	\$6,240,871	\$12,371,009	\$11,595,588
Portfolio turnover rate ^G	145% ^A	117%	145%	172%	134%	75%

^AAnnualized. ^BTotal returns for periods of less than one year are not annualized. ^CTotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^DTotal returns would have been lower if certain expenses had not been reduced during the applicable periods shown. ^ECalculated based on average shares outstanding during the period. ^FFees 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. ^GAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^HExpense 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. ^IAmount represents less than \$.01 per share. ^JTotal distributions of \$.26 per share is comprised of distributions from net investment income of \$.250 and distributions from net realized gain of \$.005 per share.

Financial Highlights — Service Class

	Six months ended	Years ended December 31,				
	June 30, 2011 (Unaudited)	2010	2009	2008	2007	2006
Selected Per-Share Data						
Net asset value, beginning of period	\$ 23.81	\$ 20.55	\$ 15.33	\$ 27.80	\$ 31.38	\$ 30.93
Income from Investment Operations						
Net investment income (loss) ^E	.10	.20	.21	.21	.30	.24
Net realized and unrealized gain (loss)	1.12	3.31	5.25	(11.83)	5.16	3.28
Total from investment operations	1.22	3.51	5.46	(11.62)	5.46	3.52
Distributions from net investment income	—	(.24)	(.23)	(.20)	(.29)	(.36)
Distributions from net realized gain	—	(.01)	(.01)	(.65)	(8.75)	(2.71)
Total distributions	—	(.25)	(.24) ^J	(.85)	(9.04)	(3.07)
Redemption fees added to paid in capital ^{E,I}	—	—	—	—	—	—
Net asset value, end of period	\$ 25.03	\$ 23.81	\$ 20.55	\$ 15.33	\$ 27.80	\$ 31.38
Total Return ^{B,C,D}	5.12%	17.11%	35.66%	(42.61)%	17.51%	11.59%
Ratios to Average Net Assets ^{F,H}						
Expenses before reductions	.74% ^A	.75%	.77%	.76%	.75%	.76%
Expenses net of fee waivers, if any	.74% ^A	.75%	.77%	.76%	.75%	.76%
Expenses net of all reductions	.72% ^A	.73%	.75%	.75%	.74%	.75%
Net investment income (loss)	.82% ^A	.96%	1.23%	.97%	.90%	.75%
Supplemental Data						
Net assets, end of period (000 omitted)	\$1,412,944	\$1,379,305	\$1,784,820	\$1,497,734	\$3,008,644	\$2,766,343
Portfolio turnover rate ^G	145% ^A	117%	145%	172%	134%	75%

^AAnnualized. ^BTotal returns for periods of less than one year are not annualized. ^CTotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^DTotal returns would have been lower if certain expenses had not been reduced during the applicable periods shown. ^ECalculated based on average shares outstanding during the period. ^FFees 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. ^GAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^HExpense 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. ^IAmount represents less than \$.01 per share. ^JTotal distributions of \$.24 per share is comprised of distributions from net investment income of \$.232 and distributions from net realized gain of \$.005 per share.

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

Financial Highlights – Service Class 2

	Six months ended	Years ended December 31,				
	June 30, 2011 (Unaudited)	2010	2009	2008	2007	2006
Selected Per-Share Data						
Net asset value, beginning of period	\$ 23.49	\$ 20.29	\$ 15.14	\$ 27.46	\$ 31.11	\$ 30.69
Income from Investment Operations						
Net investment income (loss) ^E	.08	.17	.18	.18	.25	.19
Net realized and unrealized gain (loss)	1.10	3.26	5.18	(11.67)	5.11	3.26
Total from investment operations	1.18	3.43	5.36	(11.49)	5.36	3.45
Distributions from net investment income	—	(.22)	(.21)	(.18)	(.26)	(.32)
Distributions from net realized gain	—	(.01)	(.01)	(.65)	(8.75)	(2.71)
Total distributions	—	(.23)	(.21) ^J	(.83)	(9.01)	(3.03)
Redemption fees added to paid in capital ^{E,I}	—	—	—	—	—	—
Net asset value, end of period	\$ 24.67	\$ 23.49	\$ 20.29	\$ 15.14	\$ 27.46	\$ 31.11
Total Return ^{B,C,D}	5.02%	16.93%	35.47%	(42.69)%	17.30%	11.43%
Ratios to Average Net Assets ^{F,H}						
Expenses before reductions	.89% ^A	.90%	.92%	.91%	.90%	.91%
Expenses net of fee waivers, if any	.89% ^A	.90%	.92%	.91%	.90%	.91%
Expenses net of all reductions	.87% ^A	.88%	.90%	.90%	.89%	.90%
Net investment income (loss)	.67% ^A	.81%	1.08%	.82%	.75%	.60%
Supplemental Data						
Net assets, end of period (000 omitted)	\$7,793,715	\$7,627,793	\$7,577,737	\$6,187,985	\$9,339,663	\$6,185,595
Portfolio turnover rate ^G	145% ^A	117%	145%	172%	134%	75%

^AAnnualized. ^BTotal returns for periods of less than one year are not annualized. ^CTotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^DTotal returns would have been lower if certain expenses had not been reduced during the applicable periods shown. ^ECalculated based on average shares outstanding during the period. ^FFees 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. ^GAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^HExpense 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. ^IAmount represents less than \$.01 per share. ^JTotal distributions of \$.21 per share is comprised of distributions from net investment income of \$.205 and distributions from net realized gain of \$.005 per share.

Financial Highlights – Service Class 2R

	Six months ended	Years ended December 31,				
	June 30, 2011 (Unaudited)	2010	2009	2008	2007	2006
Selected Per-Share Data						
Net asset value, beginning of period	\$ 23.44	\$ 20.24	\$ 15.10	\$ 27.35	\$ 31.02	\$ 30.61
Income from Investment Operations						
Net investment income (loss) ^E	.08	.17	.18	.18	.25	.19
Net realized and unrealized gain (loss)	1.10	3.25	5.17	(11.62)	5.09	3.25
Total from investment operations	1.18	3.42	5.35	(11.44)	5.34	3.44
Distributions from net investment income	—	(.21)	(.20)	(.16)	(.26)	(.32)
Distributions from net realized gain	—	(.01)	(.01)	(.65)	(8.75)	(2.71)
Total distributions	—	(.22)	(.21) ^J	(.81)	(9.01)	(3.03)
Redemption fees added to paid in capital ^{E,I}	—	—	—	—	—	—
Net asset value, end of period	\$ 24.62	\$ 23.44	\$ 20.24	\$ 15.10	\$ 27.35	\$ 31.02
Total Return ^{B,C,D}	5.03%	16.94%	35.46%	(42.69)%	17.30%	11.43%
Ratios to Average Net Assets ^{F,H}						
Expenses before reductions	.89% ^A	.90%	.92%	.91%	.90%	.91%
Expenses net of fee waivers, if any	.89% ^A	.90%	.92%	.91%	.90%	.91%
Expenses net of all reductions	.87% ^A	.88%	.90%	.90%	.89%	.90%
Net investment income (loss)	.67% ^A	.81%	1.08%	.82%	.75%	.60%
Supplemental Data						
Net assets, end of period (000 omitted)	\$ 10,156	\$ 10,942	\$ 13,285	\$ 13,585	\$ 35,606	\$ 26,707
Portfolio turnover rate ^G	145% ^A	117%	145%	172%	134%	75%

^AAnnualized. ^BTotal returns for periods of less than one year are not annualized. ^CTotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^DTotal returns would have been lower if certain expenses had not been reduced during the applicable periods shown. ^ECalculated based on average shares outstanding during the period. ^FFees 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. ^GAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^HExpense 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. ^IAmount represents less than \$.01 per share. ^JTotal distributions of \$.21 per share is comprised of distributions from net investment income of \$.200 and distributions from net realized gain of \$.005 per share.

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

Financial Highlights – Investor Class

	Six months ended	Years ended December 31,				
	June 30, 2011 (Unaudited)	2010	2009	2008	2007	2006
Selected Per-Share Data						
Net asset value, beginning of period	\$ 23.80	\$ 20.56	\$ 15.34	\$ 27.82	\$ 31.41	\$ 31.00
Income from Investment Operations						
Net investment income (loss) ^E	.10	.21	.21	.21	.30	.23
Net realized and unrealized gain (loss)	1.12	3.30	5.25	(11.83)	5.16	3.30
Total from investment operations	1.22	3.51	5.46	(11.62)	5.46	3.53
Distributions from net investment income	—	(.26)	(.24)	(.21)	(.30)	(.41)
Distributions from net realized gain	—	(.01)	(.01)	(.65)	(8.75)	(2.71)
Total distributions	—	(.27)	(.24) ^I	(.86)	(9.05)	(3.12)
Redemption fees added to paid in capital ^{E,I}	—	—	—	—	—	—
Net asset value, end of period	\$ 25.02	\$ 23.80	\$ 20.56	\$ 15.34	\$ 27.82	\$ 31.41
Total Return ^{B,C,D}	5.13%	17.10%	35.66%	(42.60)%	17.47%	11.60%
Ratios to Average Net Assets ^{F,H}						
Expenses before reductions	.73% ^A	.74%	.77%	.75%	.76%	.78%
Expenses net of fee waivers, if any	.73% ^A	.73%	.77%	.75%	.76%	.78%
Expenses net of all reductions	.71% ^A	.72%	.75%	.74%	.75%	.78%
Net investment income (loss)	.84% ^A	.98%	1.23%	.98%	.89%	.73%
Supplemental Data						
Net assets, end of period (000 omitted)	\$ 629,801	\$ 570,841	\$ 457,476	\$ 324,919	\$ 532,268	\$ 315,995
Portfolio turnover rate ^G	145% ^A	117%	145%	172%	134%	75%

^AAnnualized. ^BTotal returns for periods of less than one year are not annualized. ^CTotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^DTotal returns would have been lower if certain expenses had not been reduced during the applicable periods shown. ^ECalculated based on average shares outstanding during the period. ^FFees 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. ^GAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^HExpense 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. ^IAmount represents less than \$.01 per share. ^JTotal distributions of \$.24 per share is comprised of distributions from net investment income of \$.235 and distributions from net realized gain of \$.005 per share.

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

Notes to Financial Statements

For the period ended June 30, 2011 (Unaudited)

1. Organization.

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

2. Investments in Fidelity Central Funds.

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

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

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

3. Significant Accounting Policies.

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

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

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

Level 1 – quoted prices in active markets for identical investments

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

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The aggregate value of investments by input level, as of June 30, 2011, 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.

Debt securities, including restricted securities, are valued based on evaluated prices received from independent pricing services or from dealers who make markets in such securities. For U.S. government and government agency obligations, pricing services utilize matrix pricing which considers yield

3. Significant Accounting Policies – continued

Security Valuation – continued

or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally categorized as Level 2 in the hierarchy.

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

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded and are categorized as Level 1 in the hierarchy. Investments in open-end mutual funds, including the Fidelity Central Funds, are valued at their closing net asset value each business day and are categorized as Level 1 in the hierarchy.

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.

Book-tax differences are primarily due to future transactions, foreign currency transactions, passive foreign investment companies (PFIC), deferred trustees compensation, capital loss carryforwards and losses deferred due to wash sales and excise tax regulations.

Notes to Financial Statements (Unaudited) – continued

3. Significant Accounting Policies – continued

Income Tax Information and Distributions to Shareholders – continued

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

Gross unrealized appreciation	\$ 2,820,542,961
Gross unrealized depreciation	(603,990,219)
Net unrealized appreciation (depreciation) on securities and other investments	\$ 2,216,552,742
Tax cost	\$ 15,037,743,740

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 2 R 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.

5. Derivative Instruments.

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

The Fund's use of derivatives increased or decreased its exposure to the following risk:

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

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

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

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

5. Derivative Instruments – continued

Futures Contracts – continued

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

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

During the period the Fund recognized net realized gain (loss) of \$3,951,732 and a change in net unrealized appreciation (depreciation) of \$2,499,092 related to its investment in futures contracts. These amounts are included in the Statement of Operations.

6. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$12,379,886,770 and \$12,964,981,350, respectively.

7. Fees and Other Transactions with Affiliates.

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

Distribution and Service Plan 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.

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	\$	710,767
Service Class 2		9,845,534
Service Class 2 R		13,716
	\$	<u>10,570,017</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	\$	2,642,373
Service Class		514,357
Service Class 2		2,840,109
Service Class 2R		3,942
Investor Class		485,252
	\$	<u>6,486,033</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 commission paid to these affiliated firms were \$612,966 for the period.

Notes to Financial Statements (Unaudited) – continued

8. 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 \$29,716 and is reflected in Miscellaneous expenses on the Statement of Operations. During the period, there were no borrowings on this line of credit.

9. Security Lending.

The Fund lends portfolio securities 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 \$1,117,070, including \$5,467 from securities loaned to FCM.

10. Expense Reductions.

Many of the brokers with whom FMR places trades on behalf of the Fund provided services to the Fund in addition to trade execution. These services included payments of certain expenses on behalf of the Fund totaling \$1,664,395 for the period.

11. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2011	Year ended December 31, 2010
From net investment income		
Initial Class	\$ —	\$ 82,141,064
Service Class	—	14,096,830
Service Class 2	—	71,159,779
Service Class 2R	—	100,197
Investor Class	—	6,111,872
Total	<u>\$ —</u>	<u>\$ 173,609,742</u>
From net realized gain		
Initial Class	\$ —	\$ 2,975,123
Service Class	—	575,173
Service Class 2	—	3,224,769
Service Class 2R	—	4,617
Investor Class	—	236,128
Total	<u>\$ —</u>	<u>\$ 7,015,810</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
Initial Class				
Shares sold	4,575,781	11,081,201	\$ 114,216,476	\$ 237,555,506
Reinvestment of distributions	—	3,639,831	—	85,116,187
Shares redeemed	(18,997,971)	(74,008,339)	(474,813,022)	(1,628,773,596)
Net increase (decrease)	<u>(14,422,190)</u>	<u>(59,287,307)</u>	<u>\$ (360,596,546)</u>	<u>\$ (1,306,101,903)</u>
Service Class				
Shares sold	2,770,730	4,235,533	\$ 69,050,847	\$ 89,409,017
Reinvestment of distributions	—	631,651	—	14,672,003
Shares redeemed	(4,250,567)	(33,788,989)	(105,747,717)	(763,918,858)
Net increase (decrease)	<u>(1,479,837)</u>	<u>(28,921,805)</u>	<u>\$ (36,696,870)</u>	<u>\$ (659,837,838)</u>
Service Class 2				
Shares sold	14,536,116	29,628,488	\$ 356,691,976	\$ 621,610,993
Reinvestment of distributions	—	3,238,949	—	74,384,548
Shares redeemed	(23,408,649)	(81,615,457)	(573,765,104)	(1,716,672,110)
Net increase (decrease)	<u>(8,872,533)</u>	<u>(48,748,020)</u>	<u>\$ (217,073,128)</u>	<u>\$ (1,020,676,569)</u>
Service Class 2R				
Shares sold	43,550	104,398	\$ 1,086,108	\$ 2,198,967
Reinvestment of distributions	—	4,580	—	104,814
Shares redeemed	(97,917)	(298,461)	(2,366,053)	(6,070,211)
Net increase (decrease)	<u>(54,367)</u>	<u>(189,483)</u>	<u>\$ (1,279,945)</u>	<u>\$ (3,766,430)</u>
Investor Class				
Shares sold	1,941,331	3,515,764	\$ 48,240,164	\$ 76,017,353
Reinvestment of distributions	—	272,002	—	6,348,000
Shares redeemed	(755,869)	(2,058,150)	(18,803,156)	(42,962,962)
Net increase (decrease)	<u>1,185,462</u>	<u>1,729,616</u>	<u>\$ 29,437,008</u>	<u>\$ 39,402,391</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, two otherwise unaffiliated shareholders were the owners of 29% 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

Brown Brothers Harriman & Co.
Boston, MA