

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

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



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

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

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

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

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

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

# Shareholder Expense Example

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

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

## Actual Expenses

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

## Hypothetical Example for Comparison Purposes

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

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

|                                     | Annualized<br>Expense Ratio | Beginning<br>Account Value<br>January 1, 2010 | Ending<br>Account Value<br>June 30, 2010 | Expenses Paid<br>During Period*<br>January 1, 2010<br>to June 30, 2010 |
|-------------------------------------|-----------------------------|---|--|--|
| <b>Initial Class</b>                | .56%                        |   |  |  |
| Actual . . . . .                    |                             | \$ 1,000.00                                   | \$ 928.60                                | \$ 2.68  |
| Hypothetical <sup>A</sup> . . . . . |                             | \$ 1,000.00                                   | \$ 1,022.02                              | \$ 2.81  |
| <b>Service Class</b>                | .66%                        |   |  |  |
| Actual . . . . .                    |                             | \$ 1,000.00                                   | \$ 928.30                                | \$ 3.16  |
| Hypothetical <sup>A</sup> . . . . . |                             | \$ 1,000.00                                   | \$ 1,021.52                              | \$ 3.31  |
| <b>Service Class 2</b>              | .81%                        |   |  |  |
| Actual . . . . .                    |                             | \$ 1,000.00                                   | \$ 927.60                                | \$ 3.87  |
| Hypothetical <sup>A</sup> . . . . . |                             | \$ 1,000.00                                   | \$ 1,020.78                              | \$ 4.06  |
| <b>Service Class 2R</b>             | .81%                        |   |  |  |
| Actual . . . . .                    |                             | \$ 1,000.00                                   | \$ 927.20                                | \$ 3.87  |
| Hypothetical <sup>A</sup> . . . . . |                             | \$ 1,000.00                                   | \$ 1,020.78                              | \$ 4.06  |
| <b>Investor Class</b>               | .65%                        |   |  |  |
| Actual . . . . .                    |                             | \$ 1,000.00                                   | \$ 927.80                                | \$ 3.11  |
| Hypothetical <sup>A</sup> . . . . . |                             | \$ 1,000.00                                   | \$ 1,021.57                              | \$ 3.26  |

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

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

# Investment Changes (Unaudited)

## Top Ten Stocks as of June 30, 2010

|                                    | % of fund's net assets | % of fund's net assets 6 months ago |
|------------------------------------|------------------------|-------------------------------------|
| JPMorgan Chase & Co.               | 3.4                    | 3.7                                 |
| Exxon Mobil Corp.                  | 3.4                    | 2.5                                 |
| Wells Fargo & Co.                  | 3.3                    | 3.4                                 |
| Bank of America Corp.              | 3.2                    | 2.7                                 |
| AT&T, Inc.                         | 2.4                    | 3.1                                 |
| PNC Financial Services Group, Inc. | 2.4                    | 1.9                                 |
| Chevron Corp.                      | 2.3                    | 2.8                                 |
| Pfizer, Inc.                       | 2.1                    | 2.5                                 |
| Verizon Communications, Inc.       | 1.9                    | 1.6                                 |
| Merck & Co., Inc.                  | 1.7                    | 1.7                                 |
|                                    | <u>26.1</u>            |                                     |

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

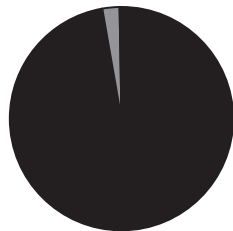
|                        | % of fund's net assets | % of fund's net assets 6 months ago |
|------------------------|------------------------|-------------------------------------|
| Financials             | 27.5                   | 26.4                                |
| Energy                 | 15.5                   | 15.3                                |
| Consumer Discretionary | 15.3                   | 14.7                                |
| Industrials            | 10.4                   | 10.1                                |
| Information Technology | 7.5                    | 8.6                                 |

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

As of June 30, 2010 \*

|   |       |
|---|-------|
| ■ Stocks                                      | 97.3% |
| ■ Bonds                                       | 2.4%  |
| □ Short-Term Investments and Net Other Assets | 0.3%  |

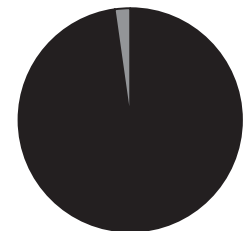
\* Foreign investments 11.9%



As of December 31, 2009 \*\*

|  |       |
|--|-------|
| ■ Stocks                                       | 97.8% |
| ■ Bonds  | 2.2%  |
| □ Short-Term Investments and Net Other Assets† | 0.0%  |

\*\* Foreign investments 13.1%



† Amount represents less than 0.1%

# Investments June 30, 2010 (Unaudited)

Showing Percentage of Net Assets

## Common Stocks – 96.4%

|   | Shares    | Value              |
|---|-----------|--------------------|
| <b>CONSUMER DISCRETIONARY – 14.0%</b>                 |           |                    |
| <b>Auto Components – 1.6%</b>                         |           |                    |
| Johnson Controls, Inc. ....                           | 1,580,483 | \$ 42,467,578      |
| Michelin CGDE Series B (d) .....                      | 241,574   | 16,830,312         |
| The Goodyear Tire & Rubber Co. (a) ..                 | 2,128,700 | 21,159,278         |
|   |           | <u>80,457,168</u>  |
| <b>Automobiles – 1.4%</b>                             |           |                    |
| Bayerische Motoren Werke AG (BMW)                     | 166,905   | 8,111,508          |
| Daimler AG (Germany) (a) .....                        | 304,125   | 15,373,518         |
| Fiat SpA .....  | 928,477   | 9,536,562          |
| Harley-Davidson, Inc. ....                            | 1,437,350 | 31,952,291         |
| Thor Industries, Inc. ....                            | 209,500   | 4,975,625          |
| Winnebago Industries, Inc. (a) .....                  | 407,511   | 4,050,659          |
|   |           | <u>74,000,163</u>  |
| <b>Diversified Consumer Services – 0.6%</b>           |           |                    |
| Career Education Corp. (a) .....                      | 155,414   | 3,577,630          |
| H&R Block, Inc. ....                                  | 1,687,086 | 26,470,379         |
|   |           | <u>30,048,009</u>  |
| <b>Hotels, Restaurants &amp; Leisure – 0.7%</b>       |           |                    |
| Las Vegas Sands Corp. unit .....                      | 85,200    | 31,948,296         |
| Sands China Ltd. ....                                 | 4,370,400 | 6,459,570          |
|   |           | <u>38,407,866</u>  |
| <b>Household Durables – 2.5%</b>                      |           |                    |
| KB Home .....   | 295,900   | 3,254,900          |
| Lennar Corp. Class A .....                            | 603,166   | 8,390,039          |
| Newell Rubbermaid, Inc. ....                          | 1,898,820 | 27,798,725         |
| Pulte Group, Inc. (a) .....                           | 1,665,768 | 13,792,559         |
| Stanley Black & Decker, Inc. ....                     | 695,153   | 35,119,130         |
| Techtronic Industries Co. Ltd. ....                   | 2,760,500 | 2,150,976          |
| Toll Brothers, Inc. (a) .....                         | 170,987   | 2,797,347          |
| Whirlpool Corp. ....                                  | 413,834   | 36,342,902         |
|   |           | <u>129,646,578</u> |
| <b>Internet &amp; Catalog Retail – 0.2%</b>           |           |                    |
| Liberty Media Corp. Interactive<br>Series A (a) ..... | 844,241   | 8,864,531          |
| <b>Leisure Equipment &amp; Products – 0.3%</b>        |           |                    |
| Brunswick Corp. ....                                  | 1,013,757 | 12,601,000         |
| <b>Media – 2.7%</b>                                   |           |                    |
| Belo Corp. Series A .....                             | 952,224   | 5,418,155          |
| Cablevision Systems Corp. – NY Group<br>Class A ..... | 32,044    | 769,376            |
| CC Media Holdings, Inc. Class A (a) ..                | 693,958   | 4,614,821          |
| Comcast Corp. Class A .....                           | 2,031,436 | 35,286,043         |
| Informa PLC .....                                     | 1,340,858 | 7,082,087          |
| Interpublic Group of Companies,<br>Inc. (a) .....     | 1,023,300 | 7,296,129          |
| The Walt Disney Co. ....                              | 1,135,300 | 35,761,950         |
| Time Warner, Inc. ....                                | 1,338,383 | 38,692,653         |
| Vivendi .....   | 307,933   | 6,257,586          |
|   |           | <u>141,178,800</u> |

|  | Shares    | Value              |
|--|-----------|--------------------|
| <b>Multiline Retail – 1.7%</b>                     |           |                    |
| Kohl's Corp. (a) .....                             | 597,124   | \$ 28,363,390      |
| Macy's, Inc. ....                                  | 1,157,800 | 20,724,620         |
| Target Corp. ....                                  | 790,200   | 38,854,134         |
| Tuesday Morning Corp. (a) .....                    | 508,423   | 2,028,608          |
|  |           | <u>89,970,752</u>  |
| <b>Specialty Retail – 2.2%</b>                     |           |                    |
| Home Depot, Inc. ....                              | 2,038,900 | 57,231,923         |
| Lowe's Companies, Inc. ....                        | 973,978   | 19,888,631         |
| OfficeMax, Inc. (a) .....                          | 429,700   | 5,611,882          |
| RadioShack Corp. ....                              | 569,500   | 11,110,945         |
| Staples, Inc. ....                                 | 986,045   | 18,784,157         |
|  |           | <u>112,627,538</u> |
| <b>Textiles, Apparel &amp; Luxury Goods – 0.1%</b> |           |                    |
| Phillips-Van Heusen Corp. ....                     | 119,116   | 5,511,497          |
|  |           | <u>5,511,497</u>   |
| <b>TOTAL CONSUMER DISCRETIONARY .....</b>          |           | <u>723,313,902</u> |
| <b>CONSUMER STAPLES – 4.2%</b>                     |           |                    |
| <b>Beverages – 0.7%</b>                            |           |                    |
| Carlsberg AS Series B .....                        | 168,362   | 12,829,755         |
| The Coca-Cola Co. ....                             | 499,829   | 25,051,429         |
|  |           | <u>37,881,184</u>  |
| <b>Food &amp; Staples Retailing – 1.1%</b>         |           |                    |
| CVS Caremark Corp. ....                            | 567,205   | 16,630,451         |
| Kroger Co. ....                                    | 1,059,000 | 20,851,710         |
| Walgreen Co. ....                                  | 492,462   | 13,148,735         |
| Winn-Dixie Stores, Inc. (a) .....                  | 587,020   | 5,658,873          |
|  |           | <u>56,289,769</u>  |
| <b>Food Products – 0.6%</b>                        |           |                    |
| Marine Harvest ASA .....                           | 7,289,000 | 4,813,315          |
| Nestle SA .....                                    | 610,401   | 29,432,824         |
|  |           | <u>34,246,139</u>  |
| <b>Household Products – 1.0%</b>                   |           |                    |
| Kimberly-Clark Corp. ....                          | 19,500    | 1,182,285          |
| Procter & Gamble Co. ....                          | 821,313   | 49,262,354         |
|  |           | <u>50,444,639</u>  |
| <b>Tobacco – 0.8%</b>                              |           |                    |
| Philip Morris International, Inc. ....             | 862,605   | 39,541,813         |
|  |           | <u>39,541,813</u>  |
| <b>TOTAL CONSUMER STAPLES .....</b>                |           | <u>218,403,544</u> |
| <b>ENERGY – 15.5%</b>                              |           |                    |
| <b>Energy Equipment &amp; Services – 2.6%</b>      |           |                    |
| Baker Hughes, Inc. ....                            | 815,431   | 33,897,467         |
| Halliburton Co. ....                               | 689,895   | 16,936,922         |
| Nabors Industries Ltd. (a) .....                   | 868,013   | 15,294,389         |
| Noble Corp. ....                                   | 1,142,902 | 35,327,101         |
| Pride International, Inc. (a) .....                | 391,500   | 8,746,110          |
| Schlumberger Ltd. ....                             | 430,712   | 23,835,602         |
|  |           | <u>134,037,591</u> |

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

## Investments (Unaudited) – continued

### Common Stocks – continued

|  | Shares    | Value              |
|--|-----------|--------------------|
| <b>ENERGY – continued</b>                      |           |                    |
| <b>Oil, Gas &amp; Consumable Fuels – 12.9%</b> |           |                    |
| Anadarko Petroleum Corp. ....                  | 501,960   | \$ 18,115,736      |
| Apache Corp. ....                              | 221,680   | 18,663,239         |
| Chevron Corp. ....                             | 1,786,829 | 121,254,216        |
| Cloud Peak Energy, Inc. ....                   | 186,600   | 2,474,316          |
| ConocoPhillips ....                            | 1,248,410 | 61,284,447         |
| CONSOL Energy, Inc. ....                       | 574,690   | 19,401,534         |
| Devon Energy Corp. ....                        | 199,500   | 12,153,540         |
| EOG Resources, Inc. ....                       | 347,600   | 34,193,412         |
| Exxon Mobil Corp. ....                         | 3,080,463 | 175,802,023        |
| Marathon Oil Corp. ....                        | 840,278   | 26,124,243         |
| Occidental Petroleum Corp. ....                | 571,775   | 44,112,441         |
| Reliance Industries Ltd. ....                  | 484,316   | 11,276,589         |
| Royal Dutch Shell PLC:                         |           |                    |
| Class A sponsored ADR (d) ....                 | 1,578,000 | 79,247,160         |
| Class B ADR ....                               | 226,700   | 10,945,076         |
| Southwestern Energy Co. (a) ....               | 755,200   | 29,180,928         |
| Ultra Petroleum Corp. (a) ....                 | 96,400    | 4,265,700          |
|  |           | <u>668,494,600</u> |
| TOTAL ENERGY .....                             |           | <u>802,532,191</u> |
| <b>FINANCIALS – 26.5%</b>                      |           |                    |
| <b>Capital Markets – 4.7%</b>                  |           |                    |
| Bank of New York Mellon Corp. ....             | 1,750,499 | 43,219,820         |
| Bank Sarasin & Co. Ltd. Series B (Reg.)        | 157,743   | 6,313,315          |
| Goldman Sachs Group, Inc. ....                 | 418,094   | 54,883,199         |
| Morgan Stanley ....                            | 2,868,077 | 66,568,067         |
| State Street Corp. ....                        | 903,680   | 30,562,458         |
| T. Rowe Price Group, Inc. ....                 | 202,623   | 8,994,435          |
| UBS AG (a) ....                                | 640,888   | 8,490,367          |
| UBS AG (NY Shares) (a) ....                    | 1,764,621 | 23,328,290         |
|  |           | <u>242,359,951</u> |
| <b>Commercial Banks – 8.6%</b>                 |           |                    |
| Associated Banc-Corp. ....                     | 1,791,266 | 21,960,921         |
| Barclays PLC ....                              | 2,558,217 | 10,208,060         |
| BB&T Corp. ....                                | 256,000   | 6,735,360          |
| Comerica, Inc. ....                            | 495,200   | 18,238,216         |
| Huntington Bancshares, Inc. ....               | 1,630,500 | 9,032,970          |
| KeyCorp ....                                   | 3,021,200 | 23,233,028         |
| Marshall & Ilsley Corp. ....                   | 501,000   | 3,597,180          |
| Mitsubishi UFJ Financial Group, Inc.           |           |                    |
| sponsored ADR ....                             | 3,609,825 | 16,460,802         |
| PNC Financial Services Group, Inc. ..          | 2,179,030 | 123,115,195        |
| Standard Chartered PLC (United                 |           |                    |
| Kingdom) ....                                  | 402,596   | 9,800,428          |
| U.S. Bancorp, Delaware ....                    | 1,445,538 | 32,307,774         |
| Wells Fargo & Co. ....                         | 6,687,409 | 171,197,670        |
|  |           | <u>445,887,604</u> |
| <b>Consumer Finance – 1.9%</b>                 |           |                    |
| American Express Co. ....                      | 637,254   | 25,298,984         |

|  | Shares     | Value                |
|--|------------|----------------------|
| Capital One Financial Corp. ....                       | 688,150    | \$ 27,732,445        |
| Discover Financial Services ....                       | 2,519,369  | 35,220,779           |
| SLM Corp. (a) ....                                     | 904,032    | 9,392,892            |
|  |            | <u>97,645,100</u>    |
| <b>Diversified Financial Services – 8.1%</b>           |            |                      |
| Bank of America Corp. ....                             | 11,703,679 | 168,181,867          |
| Citigroup, Inc. (a) ....                               | 11,726,123 | 44,090,222           |
| CME Group, Inc. ....                                   | 16,146     | 4,545,906            |
| JPMorgan Chase & Co. ....                              | 4,840,612  | 177,214,804          |
| Moody's Corp. (d) ....                                 | 1,235,829  | 24,617,714           |
|  |            | <u>418,650,513</u>   |
| <b>Insurance – 1.5%</b>                                |            |                      |
| Berkshire Hathaway, Inc. Class B (a) ..                | 118,700    | 9,459,203            |
| First American Financial Corp. ....                    | 289,320    | 3,668,578            |
| Hartford Financial Services Group, Inc.                | 409,800    | 9,068,874            |
| Marsh & McLennan Companies, Inc. ..                    | 159,500    | 3,596,725            |
| Montpelier Re Holdings Ltd. ....                       | 1,100,900  | 16,436,437           |
| The Travelers Companies, Inc. ....                     | 397,756    | 19,589,483           |
| Unum Group ....  | 443,641    | 9,627,010            |
| XL Capital Ltd. Class A ....                           | 315,400    | 5,049,554            |
|  |            | <u>76,495,864</u>    |
| <b>Real Estate Investment Trusts – 0.9%</b>            |            |                      |
| Boston Properties, Inc. ....                           | 136,475    | 9,736,127            |
| HCP, Inc. ....   | 980,095    | 31,608,064           |
| Segro PLC ....   | 1,278,288  | 4,818,243            |
|  |            | <u>46,162,434</u>    |
| <b>Real Estate Management &amp; Development – 0.8%</b> |            |                      |
| Allgreen Properties Ltd. ....                          | 2,411,000  | 1,758,152            |
| CB Richard Ellis Group, Inc. Class A (a)               | 2,107,041  | 28,676,828           |
| Indiabulls Real Estate Ltd. (a) ....                   | 2,750,085  | 9,212,044            |
| Unite Group PLC (a) ....                               | 683,979    | 1,765,978            |
|  |            | <u>41,413,002</u>    |
| TOTAL FINANCIALS .....                                 |            | <u>1,368,614,468</u> |
| <b>HEALTH CARE – 7.2%</b>                              |            |                      |
| <b>Biotechnology – 1.1%</b>                            |            |                      |
| Amgen, Inc. (a) ....                                   | 581,022    | 30,561,757           |
| Biogen Idec, Inc. (a) ....                             | 233,000    | 11,055,850           |
| Cephalon, Inc. (a) ....                                | 131,000    | 7,434,250            |
| Gilead Sciences, Inc. (a) ....                         | 138,060    | 4,732,697            |
|  |            | <u>53,784,554</u>    |
| <b>Health Care Equipment &amp; Supplies – 0.7%</b>     |            |                      |
| C. R. Bard, Inc. ....                                  | 145,400    | 11,272,862           |
| CareFusion Corp. (a) ....                              | 828,600    | 18,809,220           |
| Stryker Corp. ....                                     | 98,600     | 4,935,916            |
|  |            | <u>35,017,998</u>    |
| <b>Health Care Providers &amp; Services – 0.4%</b>     |            |                      |
| UnitedHealth Group, Inc. ....                          | 752,700    | 21,376,680           |

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

## Common Stocks – continued

|  | Shares    | Value              |
|--|-----------|--------------------|
| <b>HEALTH CARE – continued</b>                         |           |                    |
| <b>Pharmaceuticals – 5.0%</b>                          |           |                    |
| Johnson & Johnson .....                                | 560,317   | \$ 33,092,322      |
| Merck & Co., Inc. ....                                 | 2,524,572 | 88,284,283         |
| Pfizer, Inc. ....                                      | 7,613,015 | 108,561,594        |
| Sanofi-Aventis .....                                   | 499,683   | 30,093,329         |
|  |           | <u>260,031,528</u> |
| TOTAL HEALTH CARE .....                                |           | <u>370,210,760</u> |
| <b>INDUSTRIALS – 10.2%</b>                             |           |                    |
| <b>Aerospace &amp; Defense – 2.7%</b>                  |           |                    |
| Goodrich Corp. ....                                    | 128,142   | 8,489,408          |
| Honeywell International, Inc. ....                     | 1,102,025 | 43,012,036         |
| Spirit AeroSystems Holdings, Inc.<br>Class A (a) ..... | 711,982   | 13,570,377         |
| The Boeing Co. ....                                    | 445,784   | 27,972,946         |
| United Technologies Corp. ....                         | 715,540   | 46,445,701         |
|  |           | <u>139,490,468</u> |
| <b>Building Products – 0.3%</b>                        |           |                    |
| Armstrong World Industries, Inc. (a) ..                | 67,514    | 2,037,573          |
| Masco Corp. ....                                       | 1,342,200 | 14,442,072         |
|  |           | <u>16,479,645</u>  |
| <b>Commercial Services &amp; Supplies – 0.2%</b>       |           |                    |
| Pitney Bowes, Inc. ....                                | 355,000   | 7,795,800          |
| Republic Services, Inc. ....                           | 58,500    | 1,739,205          |
|  |           | <u>9,535,005</u>   |
| <b>Construction &amp; Engineering – 0.5%</b>           |           |                    |
| Fluor Corp. ....                                       | 316,900   | 13,468,250         |
| KBR, Inc. ....   | 728,574   | 14,819,195         |
|  |           | <u>28,287,445</u>  |
| <b>Electrical Equipment – 0.2%</b>                     |           |                    |
| Schneider Electric SA .....                            | 86,546    | 8,740,786          |
| <b>Industrial Conglomerates – 3.2%</b>                 |           |                    |
| General Electric Co. ....                              | 5,097,903 | 73,511,761         |
| Koninklijke Philips Electronics NV unit .              | 118,300   | 3,530,072          |
| Rheinmetall AG .....                                   | 317,633   | 18,137,735         |
| Siemens AG sponsored ADR .....                         | 455,900   | 40,816,727         |
| Textron, Inc. ....                                     | 858,000   | 14,560,260         |
| Tyco International Ltd. ....                           | 396,236   | 13,959,394         |
|  |           | <u>164,515,949</u> |
| <b>Machinery – 2.4%</b>                                |           |                    |
| ArvinMeritor, Inc. (a) .....                           | 126,000   | 1,650,600          |
| Briggs & Stratton Corp. ....                           | 1,067,988 | 18,177,156         |
| Caterpillar, Inc. ....                                 | 101,800   | 6,115,126          |
| Cummins, Inc. ....                                     | 372,200   | 24,241,386         |
| Eaton Corp. ....                                       | 253,600   | 16,595,584         |
| Ingersoll-Rand Co. Ltd. ....                           | 673,888   | 23,242,397         |
| Kennametal, Inc. ....                                  | 481,691   | 12,249,402         |
| Navistar International Corp. (a) .....                 | 242,970   | 11,954,124         |

|  | Shares    | Value              |
|--|-----------|--------------------|
| SPX Corp. ....   | 145,800   | \$ 7,699,698       |
| Vallourec SA (d) .....                                       | 21,100    | 3,637,751          |
|  |           | <u>125,563,224</u> |
| <b>Road &amp; Rail – 0.7%</b>                                |           |                    |
| CSX Corp. ....   | 370,400   | 18,382,952         |
| Union Pacific Corp. ....                                     | 246,000   | 17,099,460         |
|  |           | <u>35,482,412</u>  |
| TOTAL INDUSTRIALS .....                                      |           | <u>528,094,934</u> |
| <b>INFORMATION TECHNOLOGY – 7.1%</b>                         |           |                    |
| <b>Communications Equipment – 0.8%</b>                       |           |                    |
| Cisco Systems, Inc. (a) .....                                | 917,603   | 19,554,120         |
| Comverse Technology, Inc. (a) .....                          | 1,295,139 | 10,102,084         |
| Motorola, Inc. (a) .....                                     | 1,756,493 | 11,452,334         |
|  |           | <u>41,108,538</u>  |
| <b>Computers &amp; Peripherals – 0.8%</b>                    |           |                    |
| Hewlett-Packard Co. ....                                     | 962,645   | 41,663,276         |
| <b>Electronic Equipment &amp; Components – 1.7%</b>          |           |                    |
| Agilent Technologies, Inc. (a) .....                         | 724,881   | 20,608,367         |
| Arrow Electronics, Inc. (a) .....                            | 756,900   | 16,916,715         |
| Avnet, Inc. (a) .....  | 919,854   | 22,177,680         |
| Tyco Electronics Ltd. ....                                   | 1,052,736 | 26,718,440         |
|  |           | <u>86,421,202</u>  |
| <b>IT Services – 0.5%</b>                                    |           |                    |
| CoreLogic, Inc. (a) .....                                    | 289,320   | 5,109,391          |
| Hewitt Associates, Inc. Class A (a) ....                     | 371,985   | 12,818,603         |
| MoneyGram International, Inc. (a) ....                       | 438,950   | 1,075,428          |
| Visa, Inc. Class A .....                                     | 77,976    | 5,516,802          |
|  |           | <u>24,520,224</u>  |
| <b>Office Electronics – 0.2%</b>                             |           |                    |
| Xerox Corp. ....   | 1,705,878 | 13,715,259         |
| <b>Semiconductors &amp; Semiconductor Equipment – 3.1%</b>   |           |                    |
| Analog Devices, Inc. ....                                    | 175,219   | 4,881,601          |
| Applied Materials, Inc. ....                                 | 1,848,200 | 22,215,364         |
| Intel Corp. ....   | 3,001,300 | 58,375,285         |
| Micron Technology, Inc. (a) .....                            | 1,507,800 | 12,801,222         |
| National Semiconductor Corp. ....                            | 1,524,747 | 20,523,095         |
| Novellus Systems, Inc. (a) .....                             | 313,539   | 7,951,349          |
| Samsung Electronics Co. Ltd. ....                            | 12,977    | 8,130,805          |
| Teradyne, Inc. (a) .....                                     | 1,659,200 | 16,177,200         |
| Varian Semiconductor Equipment<br>Associates, Inc. (a) ..... | 350,600   | 10,048,196         |
|  |           | <u>161,104,117</u> |
| TOTAL INFORMATION TECHNOLOGY .....                           |           | <u>368,532,616</u> |
| <b>MATERIALS – 2.5%</b>                                      |           |                    |
| <b>Chemicals – 1.6%</b>                                      |           |                    |
| Celanese Corp. Class A .....                                 | 481,012   | 11,982,009         |
| Clariant AG (Reg.) (a) .....                                 | 1,506,845 | 19,080,283         |
| Dow Chemical Co. ....  | 413,800   | 9,815,336          |

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

## Investments (Unaudited) – continued

### Common Stocks – continued

|  | Shares    | Value              |
|--|-----------|--------------------|
| <b>MATERIALS – continued</b>                                   |           |                    |
| <b>Chemicals – continued</b>                                   |           |                    |
| E.I. du Pont de Nemours & Co. ....                             | 775,700   | \$ 26,831,463      |
| Monsanto Co. ....  | 203,100   | 9,387,282          |
| Wacker Chemie AG (d) ....                                      | 58,400    | 8,468,949          |
|  |           | <u>85,565,322</u>  |
| <b>Construction Materials – 0.2%</b>                           |           |                    |
| HeidelbergCement AG ....                                       | 192,600   | 9,151,177          |
| <b>Metals &amp; Mining – 0.5%</b>                              |           |                    |
| Alcoa, Inc. ....   | 1,126,371 | 11,331,292         |
| Commercial Metals Co. ....                                     | 442,971   | 5,856,077          |
| Freeport-McMoRan Copper & Gold,<br>Inc. ....                   | 135,551   | 8,015,131          |
|  |           | <u>25,202,500</u>  |
| <b>Paper &amp; Forest Products – 0.2%</b>                      |           |                    |
| Weyerhaeuser Co. ....  | 281,484   | 9,908,237          |
| TOTAL MATERIALS .....  |           | <u>129,827,236</u> |
| <b>TELECOMMUNICATION SERVICES – 5.5%</b>                       |           |                    |
| <b>Diversified Telecommunication Services – 5.0%</b>           |           |                    |
| AT&T, Inc. ....  | 5,151,969 | 124,626,130        |
| Qwest Communications International,<br>Inc. ....               | 7,149,900 | 37,536,975         |
| Verizon Communications, Inc. ....                              | 3,388,202 | 94,937,420         |
|  |           | <u>257,100,525</u> |
| <b>Wireless Telecommunication Services – 0.5%</b>              |           |                    |
| Sprint Nextel Corp. (a) ....                                   | 6,587,878 | 27,932,603         |
| TOTAL TELECOMMUNICATION SERVICES .....                         |           | <u>285,033,128</u> |
| <b>UTILITIES – 3.7%</b>  |           |                    |
| <b>Electric Utilities – 2.6%</b>                               |           |                    |
| Allegheny Energy, Inc. ....                                    | 1,238,409 | 25,610,298         |
| American Electric Power Co., Inc. ....                         | 1,344,579 | 43,429,902         |
| Entergy Corp. ....   | 335,159   | 24,004,088         |
| FirstEnergy Corp. ....   | 1,056,300 | 37,213,449         |
| PPL Corp. ....   | 156,100   | 3,894,695          |
|  |           | <u>134,152,432</u> |
| <b>Independent Power Producers &amp; Energy Traders – 0.8%</b> |           |                    |
| AES Corp. (a) ....   | 2,879,421 | 26,605,850         |
| Constellation Energy Group, Inc. ....                          | 388,406   | 12,526,094         |
|  |           | <u>39,131,944</u>  |

|                               | Shares  | Value              |
|-------------------------------|---------|--------------------|
| <b>Multi-Utilities – 0.3%</b> |         |                    |
| Alliant Energy Corp. ....     | 327,652 | \$ 10,399,674      |
| CMS Energy Corp. ....         | 507,324 | 7,432,297          |
|                               |         | <u>17,831,971</u>  |
| TOTAL UTILITIES .....         |         | <u>191,116,347</u> |

**TOTAL COMMON STOCKS**  
(Cost \$5,451,596,027) ..... **4,985,679,126**

### Preferred Stocks – 0.9%

#### Convertible Preferred Stocks – 0.9%

|   |         |                   |
|---|---------|-------------------|
| <b>FINANCIALS – 0.8%</b>  |         |                   |
| <b>Commercial Banks – 0.2%</b>                                  |         |                   |
| Huntington Bancshares, Inc. 8.50% ....                          | 9,000   | 8,910,000         |
| <b>Diversified Financial Services – 0.2%</b>                    |         |                   |
| Citigroup, Inc. 7.50% .....                                     | 87,000  | 9,831,000         |
| <b>Insurance – 0.4%</b>   |         |                   |
| Hartford Financial Services Group, Inc.<br>Series F 7.25% ..... | 310,900 | 7,169,354         |
| XL Capital Ltd. 10.75% .....                                    | 494,600 | 12,429,298        |
|   |         | <u>19,598,652</u> |
| TOTAL FINANCIALS .....  |         | <u>38,339,652</u> |

#### UTILITIES – 0.1%

|  |         |                   |
|--|---------|-------------------|
| <b>Electric Utilities – 0.1%</b>         |         |                   |
| PPL Corp. 9.50% (a) .....                | 121,900 | 6,320,515         |
| TOTAL CONVERTIBLE PREFERRED STOCKS ..... |         | <u>44,660,167</u> |

#### Nonconvertible Preferred Stocks – 0.0%

|   |         |                   |
|---|---------|-------------------|
| <b>FINANCIALS – 0.0%</b>                            |         |                   |
| <b>Insurance – 0.0%</b>                             |         |                   |
| Fondriaria-Sai SpA (Risparmio Shares) .             | 317,862 | 1,846,537         |
| TOTAL PREFERRED STOCKS<br>(Cost \$48,754,472) ..... |         | <u>46,506,704</u> |

### Corporate Bonds – 2.4%

|   | Principal<br>Amount |            |
|---|---------------------|------------|
| <b>Convertible Bonds – 2.2%</b>                 |                     |            |
| <b>CONSUMER DISCRETIONARY – 1.3%</b>            |                     |            |
| <b>Automobiles – 0.3%</b>                       |                     |            |
| Ford Motor Co. 4.25% 11/15/16 .                 | \$ 10,390,000       | 12,903,341 |
| <b>Hotels, Restaurants &amp; Leisure – 0.1%</b> |                     |            |
| MGM Mirage, Inc. 4.25%<br>4/15/15 (e) .....     | 7,050,000           | 5,529,844  |
| <b>Leisure Equipment &amp; Products – 0.0%</b>  |                     |            |
| Eastman Kodak Co. 7% 4/1/17 (e)                 | 2,030,000           | 1,801,422  |

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

## Corporate Bonds – continued

|  | Principal Amount | Value              |
|--|------------------|--------------------|
| <b>Convertible Bonds – continued</b>                       |                  |                    |
| <b>CONSUMER DISCRETIONARY – continued</b>                  |                  |                    |
| <b>Media – 0.9%</b>  |                  |                    |
| Liberty Global, Inc. 4.5%<br>11/15/16 (e) .....            | \$ 3,400,000     | \$ 3,952,500       |
| Liberty Media Corp.:                                       |                  |                    |
| 3.5% 1/15/31 .....   | 255,482          | 157,877            |
| 4% 11/15/29 .....  | 4,750,000        | 2,434,375          |
| 3.5% 1/15/31 (e) .....                                     | 9,342,795        | 5,773,436          |
| News America, Inc. liquid yield<br>option note:            |                  |                    |
| 0% 2/28/21 (e) .....                                       | 22,670,000       | 15,693,988         |
| 0% 2/28/21 .....   | 3,490,000        | 2,416,057          |
| Virgin Media, Inc. 6.5% 11/15/16                           | 12,614,000       | 14,671,343         |
|  |                  | <u>45,099,576</u>  |
| TOTAL CONSUMER DISCRETIONARY .....                         |                  | <u>65,334,183</u>  |
| <b>FINANCIALS – 0.2%</b>                                   |                  |                    |
| <b>Thriffs &amp; Mortgage Finance – 0.2%</b>               |                  |                    |
| MGIC Investment Corp. 0%<br>4/1/63 (a)(c)(e) .....         | 10,438,000       | 8,976,680          |
| <b>INDUSTRIALS – 0.2%</b>                                  |                  |                    |
| <b>Airlines – 0.2%</b>                                     |                  |                    |
| AMR Corp. 6.25% 10/15/14 ....                              | 1,930,000        | 1,843,536          |
| UAL Corp.:   |                  |                    |
| 4.5% 6/30/21 (e) .....                                     | 8,490,000        | 8,296,428          |
| 4.5% 6/30/21 .....   | 280,000          | 273,616            |
|  |                  | <u>10,413,580</u>  |
| <b>INFORMATION TECHNOLOGY – 0.4%</b>                       |                  |                    |
| <b>Semiconductors &amp; Semiconductor Equipment – 0.4%</b> |                  |                    |
| Advanced Micro Devices, Inc.:                              |                  |                    |
| 6% 5/1/15 (e) .....  | 13,250,000       | 12,571,600         |
| 6% 5/1/15 .....  | 5,870,000        | 5,569,456          |
| Micron Technology, Inc. 1.875%<br>6/1/14 .....             | 5,570,000        | 4,905,081          |
|  |                  | <u>23,046,137</u>  |
| <b>MATERIALS – 0.1%</b>                                    |                  |                    |
| <b>Metals &amp; Mining – 0.1%</b>                          |                  |                    |
| United States Steel Corp. 4%<br>5/15/14 .....              | 3,150,000        | 4,421,813          |
| TOTAL CONVERTIBLE BONDS .....                              |                  | <u>112,192,393</u> |

## Affiliated Central Funds

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

| Fund  | Income earned     |
|---|-------------------|
| Fidelity Cash Central Fund                    | \$ 12,887         |
| Fidelity Securities Lending Cash Central Fund | 623,083           |
| Total   | <u>\$ 635,970</u> |

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

## Nonconvertible Bonds – 0.2%

### MATERIALS – 0.2%

#### Chemicals – 0.2%

Hercules, Inc. 6.5% 6/30/29 unit \$ 15,700,000 \$ 10,715,250

### TOTAL CORPORATE BONDS

(Cost \$123,054,787) ..... 122,907,643

## Money Market Funds – 0.4%

### Shares

Fidelity Cash Central Fund, 0.20% (f) .. 12,629,648 12,629,648

Fidelity Securities Lending Cash Central  
Fund, 0.24% (b)(f) ..... 10,005,431 10,005,431

### TOTAL MONEY MARKET FUNDS

(Cost \$22,635,079) ..... 22,635,079

## TOTAL INVESTMENT PORTFOLIO – 100.1%

(Cost \$5,646,040,365) ..... 5,177,728,552

**NET OTHER ASSETS (LIABILITIES) – (0.1)%** (5,825,696)

**NET ASSETS – 100%** ..... \$ 5,171,902,856

## Legend

- (a) Non-income producing
- (b) Investment made with cash collateral received from securities on loan.
- (c) Security initially issued in zero coupon form which converts to coupon form at a specified rate and date. The rate shown is the rate at period end.
- (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 \$62,595,898 or 1.2% of net assets.
- (f) 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.

## Investments (Unaudited) – continued

### Other Information

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

#### Valuation Inputs at Reporting Date:

| Description                             | Total                   | Level 1                 | Level 2               | Level 3     |
|---|-------------------------|-------------------------|-----------------------|-------------|
| <b>Investments in Securities:</b>       |                         |                         |                       |             |
| <b>Equities:</b>                        |                         |                         |                       |             |
| Consumer Discretionary                  | \$ 723,313,902          | \$ 619,563,487          | \$ 103,750,415        | \$ —        |
| Consumer Staples                        | 218,403,544             | 171,327,650             | 47,075,894            | —           |
| Energy                                  | 802,532,191             | 791,255,602             | 11,276,589            | —           |
| Financials                              | 1,408,800,657           | 1,338,508,179           | 70,292,478            | —           |
| Health Care                             | 370,210,760             | 340,117,431             | 30,093,329            | —           |
| Industrials                             | 528,094,934             | 497,578,662             | 30,516,272            | —           |
| Information Technology                  | 368,532,616             | 360,401,811             | 8,130,805             | —           |
| Materials                               | 129,827,236             | 93,126,827              | 36,700,409            | —           |
| Telecommunication Services              | 285,033,128             | 285,033,128             | —                     | —           |
| Utilities                               | 197,436,862             | 191,116,347             | 6,320,515             | —           |
| Corporate Bonds                         | 122,907,643             | —                       | 122,907,643           | —           |
| Money Market Funds                      | 22,635,079              | 22,635,079              | —                     | —           |
| <b>Total Investments in Securities:</b> | <b>\$ 5,177,728,552</b> | <b>\$ 4,710,664,203</b> | <b>\$ 467,064,349</b> | <b>\$ —</b> |

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

|                                    |               |
|------------------------------------|---------------|
| United States of America           | 88.1%         |
| Switzerland                        | 3.1%          |
| United Kingdom                     | 2.2%          |
| Germany                            | 1.8%          |
| France                             | 1.4%          |
| Others (Individually Less Than 1%) | 3.4%          |
|                                    | <u>100.0%</u> |

### Income Tax Information

At December 31, 2009, the Fund had a capital loss carryforward of approximately \$535,850,194 of which \$240,221,884 and \$295,628,310 will expire on December 31, 2016 and 2017, respectively. Capital loss carryforwards are only available to offset future capital gains of the Fund to the extent provided by regulations and may be limited.

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

# Financial Statements

## Statement of Assets and Liabilities

June 30, 2010 (Unaudited)

### Assets

|  |       |                      |
|--|-------|----------------------|
| Investment in securities, at value (including securities loaned of \$9,617,421) — See accompanying schedule: |       |                      |
| Unaffiliated issuers (cost \$5,623,405,286)  | ..... | \$5,155,093,473      |
| Fidelity Central Funds (cost \$22,635,079)   | ..... | <u>22,635,079</u>    |
| Total Investments (cost \$5,646,040,365)   | ..... | \$5,177,728,552      |
| Cash   | ..... | 235,211              |
| Foreign currency held at value (cost \$159,889)  | ..... | 159,980              |
| Receivable for investments sold  | ..... | 13,166,807           |
| Receivable for fund shares sold  | ..... | 4,852,853            |
| Dividends receivable   | ..... | 5,484,066            |
| Interest receivable  | ..... | 685,230              |
| Distributions receivable from Fidelity Central Funds   | ..... | 82,362               |
| Other receivables  | ..... | <u>270,691</u>       |
| <b>Total assets</b>  | ..... | <u>5,202,665,752</u> |

### Liabilities

|   |       |                   |
|---|-------|-------------------|
| Payable for investments purchased         | ..... | \$ 14,454,648     |
| Payable for fund shares redeemed          | ..... | 2,934,592         |
| Accrued management fee                    | ..... | 2,107,198         |
| Distribution fees payable                 | ..... | 337,157           |
| Other affiliated payables                 | ..... | 405,902           |
| Other payables and accrued expenses       | ..... | 517,968           |
| Collateral on securities loaned, at value | ..... | <u>10,005,431</u> |
| <b>Total liabilities</b>                  | ..... | <u>30,762,896</u> |

|  |       |                        |
|--|-------|------------------------|
| <b>Net Assets</b>  | ..... | <u>\$5,171,902,856</u> |
| Net Assets consist of:   |       |                        |
| Paid in capital  | ..... | \$6,003,774,681        |
| Undistributed net investment income  | ..... | 44,962,234             |
| Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions        | ..... | (408,521,352)          |
| Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies | ..... | <u>(468,312,707)</u>   |
| <b>Net Assets</b>  | ..... | <u>\$5,171,902,856</u> |

## Statement of Assets and Liabilities – continued

June 30, 2010 (Unaudited)

### Initial Class:

|   |       |                 |
|---|-------|-----------------|
| <b>Net Asset Value</b> , offering price and redemption price per share (\$3,293,218,503 ÷ 211,167,883 shares) | ..... | <u>\$ 15.60</u> |
|---|-------|-----------------|

### Service Class:

|  |       |                 |
|--|-------|-----------------|
| <b>Net Asset Value</b> , offering price and redemption price per share (\$367,066,140 ÷ 23,624,789 shares) | ..... | <u>\$ 15.54</u> |
|--|-------|-----------------|

### Service Class 2:

|  |       |                 |
|--|-------|-----------------|
| <b>Net Asset Value</b> , offering price and redemption price per share (\$1,372,332,592 ÷ 89,369,679 shares) | ..... | <u>\$ 15.36</u> |
|--|-------|-----------------|

### Service Class 2R:

|   |       |                 |
|---|-------|-----------------|
| <b>Net Asset Value</b> , offering price and redemption price per share (\$6,204,322 ÷ 406,006 shares) | ..... | <u>\$ 15.28</u> |
|---|-------|-----------------|

### Investor Class:

|   |       |                 |
|---|-------|-----------------|
| <b>Net Asset Value</b> , offering price and redemption price per share (\$133,081,299 ÷ 8,556,492 shares) | ..... | <u>\$ 15.55</u> |
|---|-------|-----------------|

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

## Financial Statements – continued

### Statement of Operations

Six months ended June 30, 2010 (Unaudited)

|  |               |                         |
|--|---------------|-------------------------|
| <b>Investment Income</b>   |               |                         |
| Dividends .....  |               | \$ 59,419,467           |
| Interest .....   |               | 3,466,757               |
| Income from Fidelity Central Funds .....   |               | 635,970                 |
| <b>Total income</b> .....  |               | <u>63,522,194</u>       |
| <b>Expenses</b>  |               |                         |
| Management fee .....   | \$ 13,487,760 |                         |
| Transfer agent fees .....  | 2,069,724     |                         |
| Distribution fees .....  | 2,160,257     |                         |
| Accounting and security lending fees .....   | 577,005       |                         |
| Custodian fees and expenses .....  | 78,563        |                         |
| Independent trustees' compensation .....   | 17,026        |                         |
| Appreciation in deferred trustee compensation account .....                          | 14            |                         |
| Audit .....  | 36,975        |                         |
| Legal .....  | 10,455        |                         |
| Interest .....   | 3,781         |                         |
| Miscellaneous .....  | 266,265       |                         |
| Total expenses before reductions .....   | 18,707,825    |                         |
| Expense reductions .....   | (87,717)      | 18,620,108              |
| <b>Net investment income (loss)</b> .....  |               | <u>44,902,086</u>       |
| <b>Realized and Unrealized Gain (Loss)</b>   |               |                         |
| Net realized gain (loss) on:   |               |                         |
| Investment securities:   |               |                         |
| Unaffiliated issuers .....   | 199,295,109   |                         |
| Foreign currency transactions .....  | (205,128)     |                         |
| Total net realized gain (loss) .....   |               | 199,089,981             |
| Change in net unrealized appreciation (depreciation) on:                             |               |                         |
| Investment securities (net of decrease in deferred foreign taxes of \$170,609) ..... | (636,485,507) |                         |
| Assets and liabilities in foreign currencies .....                                   | (6,411)       |                         |
| Total change in net unrealized appreciation (depreciation) .....                     |               | (636,491,918)           |
| <b>Net gain (loss)</b> .....   |               | <u>(437,401,937)</u>    |
| <b>Net increase (decrease) in net assets resulting from operations</b> .....         |               | <u>\$ (392,499,851)</u> |

### Statement of Changes in Net Assets

|  | Six months ended<br>June 30, 2010<br>(Unaudited) | Year ended<br>December 31,<br>2009 |
|--|--|------------------------------------|
| <b>Increase (Decrease) in Net Assets</b>   |  |                                    |
| Operations   |  |                                    |
| Net investment income (loss) .....   | \$ 44,902,086                                    | \$ 115,365,664                     |
| Net realized gain (loss) .....   | 199,089,981                                      | (309,873,827)                      |
| Change in net unrealized appreciation (depreciation) .....   | (636,491,918)                                    | 1,591,452,108                      |
| <b>Net increase (decrease) in net assets resulting from operations</b> .....   | <u>(392,499,851)</u>                             | <u>1,396,943,945</u>               |
| Distributions to shareholders from net investment income .....   | (3,492,089)                                      | (115,095,209)                      |
| Share transactions – net increase (decrease) .....   | (345,260,987)                                    | (545,969,487)                      |
| Redemption fees .....  | 2,218  | 1,473                              |
| <b>Total increase (decrease) in net assets</b> .....   | <u>(741,250,709)</u>                             | <u>735,880,722</u>                 |
| <b>Net Assets</b>  |  |                                    |
| Beginning of period .....  | 5,913,153,565                                    | 5,177,272,843                      |
| End of period (including undistributed net investment income of \$44,962,234 and undistributed net investment income of \$3,552,237, respectively) ..... | <u>\$5,171,902,856</u>                           | <u>\$5,913,153,565</u>             |

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

## Financial Highlights — Initial Class

|   | Six months ended             |             | Years ended December 31, |             |             |             |
|---|------------------------------|-------------|--------------------------|-------------|-------------|-------------|
|   | June 30, 2010<br>(Unaudited) | 2009        | 2008                     | 2007        | 2006        | 2005        |
| <b>Selected Per-Share Data</b>                          |                              |             |                          |             |             |             |
| Net asset value, beginning of period                    | \$ 16.81                     | \$ 13.18    | \$ 23.91                 | \$ 26.20    | \$ 25.49    | \$ 25.37    |
| Income from Investment Operations                       |                              |             |                          |             |             |             |
| Net investment income (loss) <sup>E</sup>               | .14                          | .33         | .47                      | .47         | .45         | .42         |
| Net realized and unrealized gain (loss)                 | (1.34)                       | 3.64        | (10.67)                  | (.05)       | 4.37        | 1.00        |
| Total from investment operations                        | (1.20)                       | 3.97        | (10.20)                  | .42         | 4.82        | 1.42        |
| Distributions from net investment income                | (.01)                        | (.34)       | (.51)                    | (.50)       | (.89)       | (.41)       |
| Distributions from net realized gain                    | —                            | —           | (.02)                    | (2.21)      | (3.22)      | (.89)       |
| Total distributions                                     | (.01)                        | (.34)       | (.53)                    | (2.71)      | (4.11)      | (1.30)      |
| Redemption fees added to paid in capital <sup>E,1</sup> | —                            | —           | —                        | —           | —           | —           |
| Net asset value, end of period                          | \$ 15.60                     | \$ 16.81    | \$ 13.18                 | \$ 23.91    | \$ 26.20    | \$ 25.49    |
| <b>Total Return<sup>B,C,D</sup></b>                     | (7.14)%                      | 30.21%      | (42.65)%                 | 1.53%       | 20.19%      | 5.87%       |
| <b>Ratios to Average Net Assets<sup>F,H</sup></b>       |                              |             |                          |             |             |             |
| Expenses before reductions                              | .56% <sup>A</sup>            | .58%        | .57%                     | .55%        | .57%        | .56%        |
| Expenses net of fee waivers, if any                     | .56% <sup>A</sup>            | .58%        | .57%                     | .55%        | .57%        | .56%        |
| Expenses net of all reductions                          | .56% <sup>A</sup>            | .58%        | .57%                     | .54%        | .56%        | .55%        |
| Net investment income (loss)                            | 1.60% <sup>A</sup>           | 2.29%       | 2.37%                    | 1.71%       | 1.76%       | 1.71%       |
| <b>Supplemental Data</b>                                |                              |             |                          |             |             |             |
| Net assets, end of period (000 omitted)                 | \$3,293,219                  | \$3,771,733 | \$3,322,799              | \$7,201,655 | \$8,315,159 | \$7,875,801 |
| Portfolio turnover rate <sup>G</sup>                    | 30% <sup>A</sup>             | 29%         | 34%                      | 20%         | 22%         | 19%         |

<sup>A</sup> Annualized <sup>B</sup> Total returns for periods of less than one year are not annualized. <sup>C</sup> Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup> Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> 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>1</sup> Amount represents less than \$.01 per share.

## Financial Highlights — Service Class

|   | Six months ended             |           | Years ended December 31, |           |             |             |
|---|------------------------------|-----------|--------------------------|-----------|-------------|-------------|
|   | June 30, 2010<br>(Unaudited) | 2009      | 2008                     | 2007      | 2006        | 2005        |
| <b>Selected Per-Share Data</b>                          |                              |           |                          |           |             |             |
| Net asset value, beginning of period                    | \$ 16.75                     | \$ 13.14  | \$ 23.82                 | \$ 26.11  | \$ 25.39    | \$ 25.28    |
| Income from Investment Operations                       |                              |           |                          |           |             |             |
| Net investment income (loss) <sup>E</sup>               | .13                          | .31       | .44                      | .44       | .43         | .39         |
| Net realized and unrealized gain (loss)                 | (1.33)                       | 3.63      | (10.62)                  | (.05)     | 4.35        | 1.00        |
| Total from investment operations                        | (1.20)                       | 3.94      | (10.18)                  | .39       | 4.78        | 1.39        |
| Distributions from net investment income                | (.01)                        | (.33)     | (.48)                    | (.47)     | (.84)       | (.39)       |
| Distributions from net realized gain                    | —                            | —         | (.02)                    | (2.21)    | (3.22)      | (.89)       |
| Total distributions                                     | (.01)                        | (.33)     | (.50)                    | (2.68)    | (4.06)      | (1.28)      |
| Redemption fees added to paid in capital <sup>E,1</sup> | —                            | —         | —                        | —         | —           | —           |
| Net asset value, end of period                          | \$ 15.54                     | \$ 16.75  | \$ 13.14                 | \$ 23.82  | \$ 26.11    | \$ 25.39    |
| <b>Total Return<sup>B,C,D</sup></b>                     | (7.17)%                      | 30.03%    | (42.70)%                 | 1.42%     | 20.08%      | 5.76%       |
| <b>Ratios to Average Net Assets<sup>F,H</sup></b>       |                              |           |                          |           |             |             |
| Expenses before reductions                              | .66% <sup>A</sup>            | .68%      | .67%                     | .65%      | .67%        | .66%        |
| Expenses net of fee waivers, if any                     | .66% <sup>A</sup>            | .68%      | .67%                     | .65%      | .67%        | .66%        |
| Expenses net of all reductions                          | .66% <sup>A</sup>            | .68%      | .67%                     | .64%      | .66%        | .65%        |
| Net investment income (loss)                            | 1.50% <sup>A</sup>           | 2.19%     | 2.27%                    | 1.61%     | 1.66%       | 1.61%       |
| <b>Supplemental Data</b>                                |                              |           |                          |           |             |             |
| Net assets, end of period (000 omitted)                 | \$367,066                    | \$430,383 | \$405,082                | \$920,054 | \$1,118,333 | \$1,079,838 |
| Portfolio turnover rate <sup>G</sup>                    | 30% <sup>A</sup>             | 29%       | 34%                      | 20%       | 22%         | 19%         |

<sup>A</sup> Annualized <sup>B</sup> Total returns for periods of less than one year are not annualized. <sup>C</sup> Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup> Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> 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>1</sup> Amount represents less than \$.01 per share.

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

## Financial Highlights — Service Class 2

|   | Six months ended             | Years ended December 31, |              |              |              |              |
|---|------------------------------|--------------------------|--------------|--------------|--------------|--------------|
|   | June 30, 2010<br>(Unaudited) | 2009                     | 2008         | 2007         | 2006         | 2005         |
| <b>Selected Per-Share Data</b>                          |                              |                          |              |              |              |              |
| Net asset value, beginning of period                    | \$ 16.57                     | \$ 13.00                 | \$ 23.57     | \$ 25.87     | \$ 25.17     | \$ 25.09     |
| Income from Investment Operations                       |                              |                          |              |              |              |              |
| Net investment income (loss) <sup>E</sup>               | .11                          | .29                      | .41          | .39          | .38          | .35          |
| Net realized and unrealized gain (loss)                 | (1.31)                       | 3.58                     | (10.50)      | (.04)        | 4.32         | .98          |
| Total from investment operations                        | (1.20)                       | 3.87                     | (10.09)      | .35          | 4.70         | 1.33         |
| Distributions from net investment income                | (.01)                        | (.30)                    | (.46)        | (.44)        | (.78)        | (.36)        |
| Distributions from net realized gain                    | —                            | —                        | (.02)        | (2.21)       | (3.22)       | (.89)        |
| Total distributions                                     | (.01)                        | (.30)                    | (.48)        | (2.65)       | (4.00)       | (1.25)       |
| Redemption fees added to paid in capital <sup>E,1</sup> | —                            | —                        | —            | —            | —            | —            |
| Net asset value, end of period                          | \$ 15.36                     | \$ 16.57                 | \$ 13.00     | \$ 23.57     | \$ 25.87     | \$ 25.17     |
| <b>Total Return<sup>B,C,D</sup></b>                     | (7.24)%                      | 29.88%                   | (42.81)%     | 1.27%        | 19.93%       | 5.57%        |
| <b>Ratios to Average Net Assets<sup>F,H</sup></b>       |                              |                          |              |              |              |              |
| Expenses before reductions                              | .81% <sup>A</sup>            | .83%                     | .82%         | .80%         | .82%         | .81%         |
| Expenses net of fee waivers, if any                     | .81% <sup>A</sup>            | .83%                     | .82%         | .80%         | .82%         | .81%         |
| Expenses net of all reductions                          | .81% <sup>A</sup>            | .83%                     | .82%         | .80%         | .82%         | .80%         |
| Net investment income (loss)                            | 1.35% <sup>A</sup>           | 2.04%                    | 2.12%        | 1.46%        | 1.51%        | 1.46%        |
| <b>Supplemental Data</b>                                |                              |                          |              |              |              |              |
| Net assets, end of period (000 omitted)                 | \$ 1,372,333                 | \$ 1,558,421             | \$ 1,321,569 | \$ 2,583,129 | \$ 2,373,059 | \$ 1,723,546 |
| Portfolio turnover rate <sup>G</sup>                    | 30% <sup>A</sup>             | 29%                      | 34%          | 20%          | 22%          | 19%          |

<sup>A</sup> Annualized <sup>B</sup> Total returns for periods of less than one year are not annualized. <sup>C</sup> Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup> Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> 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>1</sup> Amount represents less than \$.01 per share.

## Financial Highlights — Service Class 2R

|   | Six months ended             | Years ended December 31, |          |           |           |          |
|---|------------------------------|--------------------------|----------|-----------|-----------|----------|
|   | June 30, 2010<br>(Unaudited) | 2009                     | 2008     | 2007      | 2006      | 2005     |
| <b>Selected Per-Share Data</b>                          |                              |                          |          |           |           |          |
| Net asset value, beginning of period                    | \$ 16.49                     | \$ 12.93                 | \$ 23.44 | \$ 25.73  | \$ 25.08  | \$ 25.01 |
| Income from Investment Operations                       |                              |                          |          |           |           |          |
| Net investment income (loss) <sup>E</sup>               | .11                          | .28                      | .41      | .39       | .38       | .35      |
| Net realized and unrealized gain (loss)                 | (1.31)                       | 3.58                     | (10.45)  | (.04)     | 4.29      | .99      |
| Total from investment operations                        | (1.20)                       | 3.86                     | (10.04)  | .35       | 4.67      | 1.34     |
| Distributions from net investment income                | (.01)                        | (.30)                    | (.45)    | (.43)     | (.80)     | (.38)    |
| Distributions from net realized gain                    | —                            | —                        | (.02)    | (2.21)    | (3.22)    | (.89)    |
| Total distributions                                     | (.01)                        | (.30)                    | (.47)    | (2.64)    | (4.02)    | (1.27)   |
| Redemption fees added to paid in capital <sup>E,1</sup> | —                            | —                        | —        | —         | —         | —        |
| Net asset value, end of period                          | \$ 15.28                     | \$ 16.49                 | \$ 12.93 | \$ 23.44  | \$ 25.73  | \$ 25.08 |
| <b>Total Return<sup>B,C,D</sup></b>                     | (7.28)%                      | 29.95%                   | (42.82)% | 1.27%     | 19.89%    | 5.61%    |
| <b>Ratios to Average Net Assets<sup>F,H</sup></b>       |                              |                          |          |           |           |          |
| Expenses before reductions                              | .81% <sup>A</sup>            | .83%                     | .82%     | .80%      | .82%      | .81%     |
| Expenses net of fee waivers, if any                     | .81% <sup>A</sup>            | .83%                     | .82%     | .80%      | .82%      | .81%     |
| Expenses net of all reductions                          | .81% <sup>A</sup>            | .83%                     | .81%     | .79%      | .81%      | .80%     |
| Net investment income (loss)                            | 1.35% <sup>A</sup>           | 2.04%                    | 2.12%    | 1.46%     | 1.51%     | 1.46%    |
| <b>Supplemental Data</b>                                |                              |                          |          |           |           |          |
| Net assets, end of period (000 omitted)                 | \$ 6,204                     | \$ 5,259                 | \$ 5,339 | \$ 13,558 | \$ 17,089 | \$ 9,651 |
| Portfolio turnover rate <sup>G</sup>                    | 30% <sup>A</sup>             | 29%                      | 34%      | 20%       | 22%       | 19%      |

<sup>A</sup> Annualized <sup>B</sup> Total returns for periods of less than one year are not annualized. <sup>C</sup> Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup> Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> 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>1</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, |            |            |            | 2005 <sup>H</sup>  |
|--|------------------------------|--------------------------|------------|------------|------------|--------------------|
|  | June 30, 2010<br>(Unaudited) | 2009                     | 2008       | 2007       | 2006       |                    |
| <b>Selected Per-Share Data</b>                           |                              |                          |            |            |            |                    |
| Net asset value, beginning of period                     | \$ 16.77                     | \$ 13.15                 | \$ 23.85   | \$ 26.15   | \$ 25.48   | \$ 24.46           |
| Income from Investment Operations                        |                              |                          |            |            |            |                    |
| Net investment income (loss) <sup>E</sup>                | .13                          | .31                      | .44        | .44        | .42        | .17                |
| Net realized and unrealized gain (loss)                  | (1.34)                       | 3.64                     | (10.63)    | (.05)      | 4.36       | .85                |
| Total from investment operations                         | (1.21)                       | 3.95                     | (10.19)    | .39        | 4.78       | 1.02               |
| Distributions from net investment income                 | (.01)                        | (.33)                    | (.49)      | (.48)      | (.89)      | —                  |
| Distributions from net realized gain                     | —                            | —                        | (.02)      | (2.21)     | (3.22)     | —                  |
| Total distributions                                      | (.01)                        | (.33)                    | (.51)      | (2.69)     | (4.11)     | —                  |
| Redemption fees added to paid in capital <sup>E, J</sup> | —                            | —                        | —          | —          | —          | —                  |
| Net asset value, end of period                           | \$ 15.55                     | \$ 16.77                 | \$ 13.15   | \$ 23.85   | \$ 26.15   | \$ 25.48           |
| <b>Total Return<sup>B, C, D</sup></b>                    | (7.22)%                      | 30.09%                   | (42.71)%   | 1.39%      | 20.04%     | 4.17%              |
| <b>Ratios to Average Net Assets<sup>F, I</sup></b>       |                              |                          |            |            |            |                    |
| Expenses before reductions                               | .65% <sup>A</sup>            | .68%                     | .66%       | .66%       | .69%       | .74% <sup>A</sup>  |
| Expenses net of fee waivers, if any                      | .65% <sup>A</sup>            | .68%                     | .66%       | .66%       | .69%       | .74% <sup>A</sup>  |
| Expenses net of all reductions                           | .65% <sup>A</sup>            | .68%                     | .66%       | .66%       | .69%       | .73% <sup>A</sup>  |
| Net investment income (loss)                             | 1.52% <sup>A</sup>           | 2.19%                    | 2.28%      | 1.60%      | 1.63%      | 1.54% <sup>A</sup> |
| <b>Supplemental Data</b>                                 |                              |                          |            |            |            |                    |
| Net assets, end of period (000 omitted)                  | \$ 133,081                   | \$ 147,358               | \$ 122,483 | \$ 230,534 | \$ 170,050 | \$ 37,500          |
| Portfolio turnover rate <sup>G</sup>                     | 30% <sup>A</sup>             | 29%                      | 34%        | 20%        | 22%        | 19%                |

<sup>A</sup> Annualized <sup>B</sup> Total returns for periods of less than one year are not annualized. <sup>C</sup> Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. <sup>D</sup> Total returns would have been lower had certain expenses not been reduced during the periods shown. <sup>E</sup> Calculated based on average shares outstanding during the period. <sup>F</sup> Fees and expenses of the underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds. <sup>G</sup> Amount does not include the portfolio activity of any underlying Fidelity Central Funds. <sup>H</sup> For the period July 21, 2005 (commencement of sale of shares) to December 31, 2005. <sup>I</sup> Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed 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. Expense ratios before reductions for start-up periods may not be representative of longer-term operating periods. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class. <sup>J</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, 2010 (Unaudited)

## 1. Organization.

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

## 2. Investments in Fidelity Central Funds.

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

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

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

## 3. Significant Accounting Policies.

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

**Security Valuation.** Investments are valued as of 4:00 p.m. Eastern time on the last calendar day of the period. The Fund uses independent pricing services approved by the Board of Trustees to value its investments. When current market prices or quotations are not readily available or reliable, valuations may be determined in good faith in accordance with procedures adopted by the Board of Trustees. Factors used in determining value may include market or security specific events, 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, 2010 is included at the end of the Fund's Schedule of Investments. Valuation techniques used to value the Fund's investments by major category are as follows.

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

### 3. Significant Accounting Policies – continued

#### Security Valuation – continued

Debt securities, including restricted securities, are valued based on evaluated prices received from independent pricing services or from dealers who make markets in such securities. For corporate bonds, 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.

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

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.

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

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

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

**Investment Transactions and Income.** For financial reporting purposes, the Fund's investment holdings and NAV include trades executed through the end of the last business day of the period. The NAV per share for processing shareholder transactions is calculated as of the close of business of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern time and includes trades executed through the end of the prior business day. Gains and losses on securities sold are determined on the basis of identified cost and may include proceeds received from litigation. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Distributions received on securities that represent a return of capital or capital gain are recorded as a reduction of cost of investments and/or as a realized gain. The Fund estimates the components of distributions received that may be considered return of capital distributions or capital gain distributions. Interest income and distributions from the Fidelity Central Funds are accrued as earned. Interest income includes coupon interest and amortization of premium and accretion of discount on debt securities. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain. Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivables when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is reasonably assured.

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

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

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

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

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

## Notes to Financial Statements (Unaudited) – continued

### 3. Significant Accounting Policies – continued

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

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

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

|  |                         |
|--|-------------------------|
| Gross unrealized appreciation              | \$ 805,550,846          |
| Gross unrealized depreciation              | (1,305,424,800)         |
| Net unrealized appreciation (depreciation) | <u>\$ (499,873,954)</u> |
| Tax cost                                   | <u>\$ 5,677,602,506</u> |

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

### 4. Operating Policies.

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

### 5. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$873,122,930 and \$1,192,225,755, 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.** In accordance with Rule 12b-1 of the 1940 Act, the Fund has adopted separate 12b-1 Plans for each Service Class of shares. Each Service Class pays Fidelity Distributors Corporation (FDC), an affiliate of FMR, a service fee. For the period, the service fee is based on an annual rate of .10% of Service Class' average net assets and .25% of Service Class 2's and Service Class 2R's average net assets.

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

|                   |                     |
|-------------------|---------------------|
| Service Class     | \$ 212,087          |
| Service Class 2   | 1,941,019           |
| Service Class 2 R | 7,151               |
|                   | <u>\$ 2,160,257</u> |

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

|                  |                     |
|------------------|---------------------|
| Initial Class    | \$ 1,276,106        |
| Service Class    | 144,199             |
| Service Class 2  | 530,528             |
| Service Class 2R | 1,924               |
| Investor Class   | 116,967             |
|                  | <u>\$ 2,069,724</u> |

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

**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 \$9,444 for the period.

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

| Borrower or Lender | Average Daily Loan Balance | Weighted Average Interest Rate | Interest Expense |
|--------------------|----------------------------|--------------------------------|------------------|
| Borrower .....     | \$ 8,064,108               | .43%                           | \$ 3,601         |

## 7. Committed Line of Credit.

The Fund participates with other funds managed by FMR in a \$3.75 billion credit facility (the “line of credit”) to be utilized for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity purposes. The Fund has agreed to pay commitment fees on its pro-rata portion of the line of credit, which amounted to \$11,862 and is reflected in Miscellaneous expenses on the Statement of Operations. During the period, there were no borrowings on this line of credit.

## 8. Security Lending.

The Fund lends portfolio securities from time to time in order to earn additional income. On the settlement date of the loan, the Fund receives collateral (in the form of U.S. Treasury obligations, letters of credit and/or cash) against the loaned securities and maintains collateral in an amount not less than 100% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, a fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. Any cash collateral received is invested in the Fidelity Securities Lending Cash Central Fund. The value of loaned securities and cash collateral at period end are disclosed on the Fund’s Statement of Assets and Liabilities. Security lending income represents the income earned on investing cash collateral, less fees and expenses associated with the loan, plus any premium payments that may be received on the loan of certain types of securities. Security lending income is presented in the Statement of Operations as a component of income from Fidelity Central Funds. Net income from lending portfolio securities during the period amounted to \$623,083.

## 9. Bank Borrowings.

The Fund is permitted to have bank borrowings for temporary or emergency purposes to fund shareholder redemptions. 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 \$9,231,000. The weighted average interest rate was .70%. The interest expense amounted to \$180 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 \$87,717 for the period.

## Notes to Financial Statements (Unaudited) – continued

### 11. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

|                                   | Six months ended<br>June 30, 2010 | Year ended<br>December 31, 2009 |
|-----------------------------------|-----------------------------------|---------------------------------|
| <b>From net investment income</b> |                                   |                                 |
| Initial Class .....               | \$ 2,217,576                      | \$ 75,517,681                   |
| Service Class .....               | 253,392                           | 8,350,109                       |
| Service Class 2 .....             | 929,687                           | 28,318,758                      |
| Service Class 2R .....            | 3,105                             | 96,589                          |
| Investor Class .....              | 88,329                            | 2,812,072                       |
| Total .....                       | <u>\$ 3,492,089</u>               | <u>\$ 115,095,209</u>           |

### 12. Share Transactions.

Transactions for each class of shares were as follows:

|                                     | Shares                            |                                 | Dollars                           |                                 |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                                     | Six months ended<br>June 30, 2010 | Year ended<br>December 31, 2009 | Six months ended<br>June 30, 2010 | Year ended<br>December 31, 2009 |
| <b>Initial Class</b>                |                                   |                                 |                                   |                                 |
| Shares sold .....                   | 2,589,688                         | 8,717,811                       | \$ 44,777,781                     | \$ 119,199,048                  |
| Reinvestment of distributions ..... | 138,081                           | 4,649,155                       | 2,217,576                         | 75,517,681                      |
| Shares redeemed .....               | (15,983,025)                      | (41,112,018)                    | (274,866,035)                     | (560,835,381)                   |
| Net increase (decrease) .....       | <u>(13,255,256)</u>               | <u>(27,745,052)</u>             | <u>\$ (227,870,678)</u>           | <u>\$ (366,118,652)</u>         |
| <b>Service Class</b>                |                                   |                                 |                                   |                                 |
| Shares sold .....                   | 413,298                           | 1,374,191                       | \$ 7,103,293                      | \$ 18,756,098                   |
| Reinvestment of distributions ..... | 15,827                            | 516,788                         | 253,392                           | 8,350,109                       |
| Shares redeemed .....               | (2,495,293)                       | (7,035,493)                     | (42,740,428)                      | (95,421,754)                    |
| Net increase (decrease) .....       | <u>(2,066,168)</u>                | <u>(5,144,514)</u>              | <u>\$ (35,383,743)</u>            | <u>\$ (68,315,547)</u>          |
| <b>Service Class 2</b>              |                                   |                                 |                                   |                                 |
| Shares sold .....                   | 2,927,261                         | 9,883,762                       | \$ 49,401,550                     | \$ 131,168,937                  |
| Reinvestment of distributions ..... | 58,729                            | 1,771,906                       | 929,687                           | 28,318,758                      |
| Shares redeemed .....               | (7,672,531)                       | (19,265,158)                    | (129,938,653)                     | (264,471,751)                   |
| Net increase (decrease) .....       | <u>(4,686,541)</u>                | <u>(7,609,490)</u>              | <u>\$ (79,607,416)</u>            | <u>\$ (104,984,056)</u>         |
| <b>Service Class 2R</b>             |                                   |                                 |                                   |                                 |
| Shares sold .....                   | 156,354                           | 65,422                          | \$ 2,642,315                      | \$ 914,849                      |
| Reinvestment of distributions ..... | 197                               | 6,094                           | 3,105                             | 96,589                          |
| Shares redeemed .....               | (69,509)                          | (165,320)                       | (1,167,636)                       | (2,222,121)                     |
| Net increase (decrease) .....       | <u>87,042</u>                     | <u>(93,804)</u>                 | <u>\$ 1,477,784</u>               | <u>\$ (1,210,683)</u>           |
| <b>Investor Class</b>               |                                   |                                 |                                   |                                 |
| Shares sold .....                   | 662,402                           | 1,142,867                       | \$ 11,452,697                     | \$ 16,328,956                   |
| Reinvestment of distributions ..... | 5,510                             | 173,430                         | 88,329                            | 2,812,072                       |
| Shares redeemed .....               | (899,227)                         | (1,842,484)                     | (15,417,960)                      | (24,481,577)                    |
| Net increase (decrease) .....       | <u>(231,315)</u>                  | <u>(526,187)</u>                | <u>\$ (3,876,934)</u>             | <u>\$ (5,340,549)</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 12% of the total outstanding shares of the Fund and two otherwise unaffiliated shareholders were the owners of record of 30% of the total outstanding shares of the Fund.

**Investment Adviser**

Fidelity Management & Research Company  
Boston, MA

**Investment Sub-Advisers**

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

**General Distributor**

Fidelity Distributors Corporation  
Boston, MA

**Transfer and Service Agents**

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

**Custodian**

The Northern Trust Company  
Chicago, IL