

# **Fidelity® Variable Insurance Products: Mid Cap 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.

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

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

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

# Shareholder Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, 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.

	Annualized Expense Ratio	Beginning Account Value January 1, 2010	Ending Account Value June 30, 2010	Expenses Paid During Period <sup>A</sup> January 1, 2010 to June 30, 2010
<b>Initial Class</b>	.67%			
Actual		\$ 1,000.00	\$ 1,014.40	\$ 3.35
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,021.47	\$ 3.36
<b>Service Class</b>	.77%			
Actual		\$ 1,000.00	\$ 1,014.10	\$ 3.85
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,020.98	\$ 3.86
<b>Service Class 2</b>	.92%			
Actual		\$ 1,000.00	\$ 1,013.40	\$ 4.59
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,020.23	\$ 4.61
<b>Investor Class</b>	.75%			
Actual		\$ 1,000.00	\$ 1,014.00	\$ 3.75
Hypothetical <sup>A</sup>		\$ 1,000.00	\$ 1,021.08	\$ 3.76

<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
Nefflix, Inc.	8.4	3.9
eBay, Inc.	5.7	3.4
Advance Auto Parts, Inc.	5.2	3.2
Cerner Corp.	3.7	3.8
Hasbro, Inc.	3.6	2.9
Vertex Pharmaceuticals, Inc.	2.8	0.0
Reinsurance Group of America, Inc.	2.4	2.3
Longtop Financial Technologies Ltd. ADR	2.2	2.3
Eldorado Gold Corp.	1.9	1.4
Allscripts-Misys Healthcare Solutions, Inc.	1.9	1.6
	<u>37.8</u>	

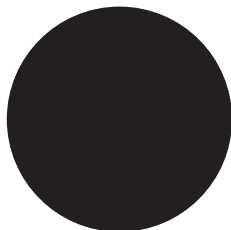
## Top Five Market Sectors as of June 30, 2010

	% of fund's net assets	% of fund's net assets 6 months ago
Consumer Discretionary	25.1	20.7
Information Technology	20.4	19.9
Health Care	19.2	16.8
Financials	11.2	9.6
Materials	9.3	5.8

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

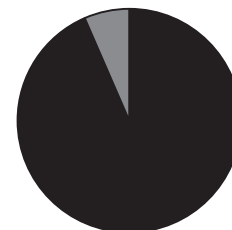
As of June 30, 2010 \*

■ Stocks	100.0%
■ Short-Term Investments and Net Other Assets	0.0%
□ Other Investments	0.0%
* Foreign investments	25.4%



As of December 31, 2009 \*\*

■ Stocks	93.5%
■ Short-Term Investments and Net Other Assets	6.5%
□ Other Investments	0.0%
** Foreign investments	26.5%



# Investments June 30, 2010 (Unaudited)

Showing Percentage of Net Assets

## Common Stocks – 100.0%

	Shares	Value
<b>CONSUMER DISCRETIONARY – 25.1%</b>		
<b>Auto Components – 0.6%</b>		
Amerigon, Inc. (a)	306,609	\$ 2,262,774
China Automotive Systems, Inc. (a)	93	1,637
Fuel Systems Solutions, Inc. (a)(c)(d)	1,345,217	34,908,381
Minth Group Ltd.	138,000	163,057
New Focus Auto Tech Holdings Ltd. (a)	5,687,675	1,224,182
Westport Innovations, Inc.	100	1,573
		<u>38,561,604</u>

### Automobiles – 0.1%

Bajaj Auto Ltd.	100	5,324
Geely Automobile Holdings Ltd. (c)	22,535,000	6,829,174
Hyundai Motor Co. GDR (e)	100	5,915
Thor Industries, Inc.	100	2,375
		<u>6,842,788</u>

### Distributors – 0.0%

LKQ Corp. (a)	100	1,928
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### Diversified Consumer Services – 0.7%

Bridgepoint Education, Inc. (a)(c)	2,725,048	43,083,009
Coinstar, Inc. (a)	100	4,297
MegaStudy Co. Ltd.	6,200	818,341
Pre-Paid Legal Services, Inc. (a)(c)	9,000	409,410
Universal Technical Institute, Inc.	100	2,364
		<u>44,317,421</u>

### Hotels, Restaurants & Leisure – 0.8%

BJ's Restaurants, Inc. (a)	200	4,720
Cafe de Coral Holdings Ltd.	2,000	5,122
Chipotle Mexican Grill, Inc. (a)	200	27,362
Ctrip.com International Ltd. sponsored ADR (a)	200	7,512
Home Inns & Hotels Management, Inc. sponsored ADR (a)	100	3,904
Interval Leisure Group, Inc. (a)	93,900	1,169,055
Jollibee Food Corp.	700	1,061
Kappa Create Co. Ltd. (c)	561,600	11,404,106
Little Sheep Group Ltd.	6,197,000	3,710,593
Minor International PCL (For. Reg.) warrants 5/18/13 (a)	182,601	13,370
Papa John's International, Inc. (a)	100	2,312
Sonic Corp. (a)	648,317	5,024,453
Starbucks Corp.	576,800	14,016,240
Starwood Hotels & Resorts Worldwide, Inc.	314,608	13,034,209
TAJ GVK Hotels & Resorts Ltd.	297,699	1,049,589
		<u>49,473,608</u>

### Household Durables – 0.2%

La-Z-Boy, Inc. (a)	100	743
PDG Realty SA Empreendimentos e Participacoes	100	837
Tupperware Brands Corp.	217,507	8,667,654
		<u>8,669,234</u>

	Shares	Value
<b>Internet &amp; Catalog Retail – 8.6%</b>		
B2W Companhia Global Do Varejo	100	\$ 1,637
Blue Nile, Inc. (a)	100	4,708
Drugstore.com, Inc. (a)	3,378,733	10,406,498
Nefflix, Inc. (a)(c)(d)	4,866,672	528,763,915
Overstock.com, Inc. (a)	100	1,807
Priceline.com, Inc. (a)	100	17,654
Wotif.com Holdings Ltd.	100	447
		<u>539,196,666</u>

### Leisure Equipment & Products – 3.6%

Hasbro, Inc.	5,539,670	227,680,437
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### Media – 1.8%

Den Networks Ltd.	3,500,000	15,256,176
E.W. Scripps Co. Class A (a)	33	245
Entertainment Network (India) Ltd. (a)	90,000	482,823
Ipsos SA	110	3,696
Naspers Ltd. Class N	100	3,386
Pearson PLC sponsored ADR	100	1,315
Proto Corp. (c)	45,500	1,733,389
The Walt Disney Co.	2,928,721	92,254,712
Value Line, Inc.	164,145	2,977,590
Zee Entertainment Enterprises Ltd.	8	52
		<u>112,713,384</u>

### Multiline Retail – 0.0%

Clicks Group Ltd.	194,507	860,247
Dollar Tree, Inc. (a)	150	6,245
Golden Eagle Retail Group Ltd. (H Shares)	265,000	553,281
Kohl's Corp. (a)	100	4,750
Mothercare PLC	100	848
Parkson Retail Group Ltd.	1,000	1,686
		<u>1,427,057</u>

### Specialty Retail – 8.3%

Advance Auto Parts, Inc. (d)	6,509,352	326,639,283
Chow Sang Sang Holdings International Ltd.	2,000	3,379
H&M Hennes & Mauritz AB (B Shares)	200	5,496
hhgregg, Inc. (a)	100	2,332
Hot Topic, Inc. (d)	2,437,718	12,383,607
Inditex SA	687	39,172
J. Crew Group, Inc. (a)	100	3,681
Lumber Liquidators Holdings, Inc. (a)	100	2,333
Nitori Co. Ltd.	100	8,621
Ross Stores, Inc.	1,360,978	72,526,518
Sally Beauty Holdings, Inc. (a)(c)	8,143,138	66,773,732
SAZABY, Inc.	464,400	7,188,485
TJX Companies, Inc.	797,027	33,435,283
Tsutsumi Jewelry Co. Ltd.	85,500	1,819,152
Ulta Salon, Cosmetics & Fragrance, Inc. (a)	100	2,366
Urban Outfitters, Inc. (a)	100	3,439
USS Co. Ltd.	100	7,145
		<u>520,844,024</u>

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

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>CONSUMER DISCRETIONARY – continued</b>		
<b>Textiles, Apparel &amp; Luxury Goods – 0.4%</b>		
Anta Sports Products Ltd. ....	1,000	\$ 1,800
Columbia Sportswear Co. ....	4,629	216,035
Daphne International Holdings Ltd. ...	16,016,000	16,220,077
Shenzhou International Group Holdings Ltd. ....	4,272,000	4,877,218
		<u>21,315,130</u>
TOTAL CONSUMER DISCRETIONARY .....		<u>1,571,043,281</u>
<b>CONSUMER STAPLES – 4.6%</b>		
<b>Beverages – 0.8%</b>		
Molson Coors Brewing Co. Class B ...	1,112,109	47,108,937
Yantai Changyu Pioneer Wine Co. (B Shares) .....	130	1,220
		<u>47,110,157</u>
<b>Food &amp; Staples Retailing – 2.5%</b>		
BJ's Wholesale Club, Inc. (a) .....	789,416	29,216,286
Breadtalk Group Ltd. ....	1,200	461
China Nepstar Chain Drugstore Ltd. ADR .....	100	317
Daikokutenbussan Co. Ltd. ....	79,000	2,404,901
Heng Tai Consumables Group Ltd. ...	98,398,965	8,751,352
Kroger Co. ....	2,661,963	52,414,051
Magnit OJSC GDR (Reg. S) .....	100	1,714
PriceSmart, Inc. ....	100	2,323
Shinsegae Food Co. Ltd. ....	100	6,602
Wal-Mart Stores, Inc. ....	1,345,596	64,682,800
		<u>157,480,807</u>
<b>Food Products – 1.1%</b>		
Britannia Industries Ltd. ....	41,784	1,664,034
Campbell Soup Co. ....	364,886	13,073,865
China Foods Ltd. ....	4,000	2,335
Rocky Mountain Chocolate Factory, Inc. ....	105	977
Smart Balance, Inc. (a) .....	100	409
Tingyi Cayman Islands Holding Corp. ....	2,000	4,904
Toyo Suisan Kaisha Ltd. ....	17,000	405,817
Want Want China Holdings Ltd. ....	65,053,600	54,609,228
		<u>69,761,569</u>
<b>Personal Products – 0.2%</b>		
China-Biotics, Inc. (a) .....	75,000	975,750
Concern Kalina OJSC:		
GDR (e) .....	21,643	383,389
sponsored ADR .....	94,200	1,668,680
Hengan International Group Co. Ltd. .	109,700	888,318
Natura Cosmeticos SA .....	100	2,215
USANA Health Sciences, Inc. (a)(c) ...	308,399	11,265,815
		<u>15,184,167</u>
TOTAL CONSUMER STAPLES .....		<u>289,536,700</u>

### ENERGY – 6.0%

#### Energy Equipment & Services – 5.9%

	Shares	Value
Dresser-Rand Group, Inc. (a) .....	1,154,640	\$ 36,428,892
EnSCO International Ltd. ADR .....	1,912,003	75,103,478
Helix Energy Solutions Group, Inc. (a) .	1,075,596	11,584,169
Nabors Industries Ltd. (a) .....	4,906,408	86,450,909
Newpark Resources, Inc. (a) .....	4,303,483	26,036,072
Noble Corp. ....	139,300	4,305,763
Parker Drilling Co. (a)(d) .....	6,351,993	25,090,372
Patterson-UTI Energy, Inc. (d) .....	8,027,870	103,318,687
Weatherford International Ltd. (a) ....	43,600	572,904
		<u>368,891,246</u>

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

	Shares	Value
Clean Energy Fuels Corp. (a) .....	100	1,494
Marathon Oil Corp. ....	206,060	6,406,405
Plains Exploration & Production Co. (a)	4,800	98,928
Sasol Ltd. sponsored ADR .....	100	3,527
		<u>6,510,354</u>

TOTAL ENERGY .....

375,401,600

### FINANCIALS – 11.2%

#### Capital Markets – 1.4%

	Shares	Value
BlueBay Asset Management .....	100	428
Janus Capital Group, Inc. ....	3,303,237	29,332,745
Marusan Securities Co. Ltd. ....	2,856,700	16,343,290
Northern Trust Corp. ....	561,353	26,215,185
SEI Investments Co. ....	849,118	17,288,042
		<u>89,179,690</u>

#### Commercial Banks – 1.3%

	Shares	Value
Aozora Bank Ltd. ....	1,509,000	1,954,549
Banco Santander SA sponsored ADR .	200	2,100
Bank of Baroda .....	634,966	9,521,307
IndusInd Bank Ltd. ....	100	437
Punjab National Bank .....	100	2,404
Sumitomo Mitsui Financial Group, Inc.	772,300	21,861,624
The Jammu & Kashmir Bank Ltd. ....	423	7,490
The Suruga Bank Ltd. ....	1,000	9,077
Union Bank of India .....	7,699,690	51,731,834
Yes Bank Ltd. ....	100	573
		<u>85,091,395</u>

#### Consumer Finance – 0.0%

ORIX Corp. ....	200	14,491
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#### Diversified Financial Services – 0.2%

African Bank Investments Ltd. ....	100	394
Banco ABC Brasil SA .....	100	676
CRISIL Ltd. ....	88,255	11,033,438
ICRA Ltd. ....	6,132	155,329
		<u>11,189,837</u>

#### Insurance – 7.3%

Admiral Group PLC .....	222,460	4,657,422
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See accompanying notes which are an integral part of the financial statements.

## Common Stocks – continued

	Shares	Value
<b>FINANCIALS – continued</b>		
<b>Insurance – continued</b>		
AFLAC, Inc. ....	100	\$ 4,267
China Life Insurance Co. Ltd. ....	239,858	191,683
China Life Insurance Co. Ltd. ADR ....	266	17,343
CNinsure, Inc. ADR (c) ....	147,554	3,827,551
Lincoln National Corp. ....	357,500	8,683,675
Old Republic International Corp. ....	9,751,930	118,290,911
Ping An Insurance Group Co. China Ltd. (H Shares) ....	500	4,132
Presidential Life Corp. ....	790,158	7,190,438
Progressive Corp. ....	1,945,808	36,425,526
Protective Life Corp. ....	2,311,869	49,450,878
Reinsurance Group of America, Inc. ..	3,354,011	153,311,843
The Chubb Corp. ....	1,454,079	72,718,491
		<u>454,774,160</u>
<b>Real Estate Management &amp; Development – 1.0%</b>		
AFI Development PLC GDR (Reg. S) (a) ..	100	161
Goldcrest Co. Ltd. ....	500,950	8,659,476
Hang Lung Properties Ltd. ....	1,094,000	4,184,626
Housing Development and Infrastructure Ltd. (a) ....	100	532
Iguatemi Empresa de Shopping Centers SA ....	1,489,400	26,022,744
Kenedix, Inc. (a)(c) ....	31,405	5,172,946
Songbird Estates PLC Class B (a) ....	5,914	13,528
SPG Land (Holdings) Ltd. ....	2,255,102	928,085
Wharf Holdings Ltd. ....	3,001,000	14,539,003
Yanlord Land Group Ltd. ....	2,000,000	2,448,844
		<u>61,969,945</u>
<b>Thriffs &amp; Mortgage Finance – 0.0%</b>		
People's United Financial, Inc. ....	100	1,350
TOTAL FINANCIALS .....		<u>702,220,868</u>
<b>HEALTH CARE – 19.2%</b>		
<b>Biotechnology – 4.1%</b>		
3SBio, Inc. sponsored ADR (a) ....	567,862	6,604,235
Abcam PLC ....	420,200	7,626,981
AMAG Pharmaceuticals, Inc. (a)(c)(d) .	1,197,606	41,137,766
Clinical Data, Inc. (a) ....	150	1,866
Dendreon Corp. (a) ....	400	12,932
Gilead Sciences, Inc. (a) ....	100	3,428
Halozyme Therapeutics, Inc. (a) ....	100	704
ImmunoGen, Inc. (a) ....	247,750	2,296,643
Myriad Genetics, Inc. (a) ....	1,556,702	23,272,695
Nanosphere, Inc. (a) ....	587,042	2,559,503
Sangamo Biosciences, Inc. (a)(c) ....	197,488	732,680
Sino Biopharmaceutical Ltd. ....	7,999	3,113
Vertex Pharmaceuticals, Inc. (a) ....	5,292,896	174,136,278
Zeltia SA (a) ....	213,672	828,127
		<u>259,216,951</u>

	Shares	Value
<b>Health Care Equipment &amp; Supplies – 3.5%</b>		
CareFusion Corp. (a) ....	12,800	\$ 290,560
DiaSorin S.p.A. ....	200	7,326
Edwards Lifesciences Corp. (a) ....	1,317,700	73,817,554
Genmark Diagnostics, Inc. ....	200,300	885,326
HeartWare International, Inc. CDI unit (a)	100	207
Kinetic Concepts, Inc. (a) ....	1,635,148	59,699,253
Masimo Corp. ....	436,691	10,397,613
MELA Sciences, Inc. (a)(c) ....	514,377	3,826,965
Meridian Bioscience, Inc. ....	100	1,700
Mindray Medical International Ltd. sponsored ADR ....	100	3,142
Mingyuan Medicare Development Co. Ltd. ....	44,940,000	5,018,097
Nobel Biocare Holding AG (Switzerland) ....	585,398	10,077,243
Quidel Corp. (a)(c) ....	868,123	11,016,481
Shandong Weigao Group Medical Polymer Co. Ltd. (H Shares) ....	4,780,000	20,823,038
Steris Corp. ....	616,383	19,157,184
ThermoGenesis Corp. (a) ....	351,638	172,303
Vascular Solutions, Inc. (a) ....	79,168	989,600
		<u>216,183,592</u>
<b>Health Care Providers &amp; Services – 1.3%</b>		
Almost Family, Inc. (a) ....	100	3,493
Genoptix, Inc. (a) ....	100	1,720
HMS Holdings Corp. (a) ....	100	5,422
IPC The Hospitalist Co., Inc. (a) ....	192,991	4,844,074
Laboratory Corp. of America Holdings (a) ....	511,525	38,543,409
Message Co. Ltd. ....	1,619	3,518,087
Quest Diagnostics, Inc. ....	317,600	15,806,952
Ramsay Health Care Ltd. ....	101	1,187
ResCare, Inc. (a)(d) ....	1,779,274	17,187,787
U.S. Physical Therapy, Inc. (a) ....	6,716	113,366
		<u>80,025,497</u>
<b>Health Care Technology – 7.7%</b>		
Allscripts-Misys Healthcare Solutions, Inc. (a)(c)(d) ....	7,452,895	119,991,610
athenahealth, Inc. (a)(c)(d) ....	2,557,533	66,828,337
Cegedim SA ....	150	10,216
Cerner Corp. (a) ....	3,086,613	234,243,061
Computer Programs & Systems, Inc. ..	372,057	15,224,572
Eclipsys Corp. (a) ....	2,424,073	43,245,462
Quality Systems, Inc. ....	35,220	2,042,408
		<u>481,585,666</u>
<b>Life Sciences Tools &amp; Services – 1.7%</b>		
Bachem Holding AG (B Shares) ....	100	5,986
Bio-Rad Laboratories, Inc. Class A (a) .	989	85,539
Harvard Bioscience, Inc. (a) ....	277,701	988,616
QIAGEN NV (a) ....	1,523,000	29,272,060
Thermo Fisher Scientific, Inc. (a) ....	1,545,151	75,789,657
		<u>106,141,858</u>

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

## Investments (Unaudited) – continued

### Common Stocks – continued

	Shares	Value
<b>HEALTH CARE – continued</b>		
<b>Pharmaceuticals – 0.9%</b>		
Ardea Biosciences, Inc. (a) .....	219,966	\$ 4,522,501
Aspen Pharmacare Holdings Ltd. (a) ..	2,157,358	21,387,250
AVANIR Pharmaceuticals Class A (a) ..	100	257
Cadila Healthcare Ltd. ....	305,994	4,321,856
China Pharma Holdings, Inc. (a) .....	39,073	107,451
Cipla Ltd. ....	64,000	464,070
Hi-Tech Pharmacal Co., Inc. (a) .....	100	2,291
Hikma Pharmaceuticals PLC .....	100	1,061
Piramal Healthcare Ltd. ....	2,534,671	26,058,527
PT Kalbe Farma Tbk .....	1,000	230
Questcor Pharmaceuticals, Inc. (a) ....	100	1,021
		<u>56,866,515</u>
TOTAL HEALTH CARE .....		<u>1,200,020,079</u>
<b>INDUSTRIALS – 4.0%</b>		
<b>Air Freight &amp; Logistics – 0.0%</b>		
Business Post Group PLC .....	200	1,004
FedEx Corp. ....	100	7,011
		<u>8,015</u>
<b>Building Products – 0.2%</b>		
Asahi Glass Co. Ltd. ....	462,000	4,338,838
Blue Star Ltd. ....	1,013,255	8,874,484
Universal Forest Products, Inc. ....	100	3,031
		<u>13,216,353</u>
<b>Commercial Services &amp; Supplies – 0.3%</b>		
Blue Label Telecoms Ltd. (a) .....	2,878,652	1,818,775
Cintas Corp. ....	609,572	14,611,441
Copart, Inc. (a) .....	100	3,581
R.R. Donnelley & Sons Co. ....	5,519	90,346
RINO International Corp. (a) .....	100	1,251
Steelcase, Inc. Class A .....	100	775
Taiwan Secom Co. ....	2,000	3,119
		<u>16,529,288</u>
<b>Construction &amp; Engineering – 1.1%</b>		
Fluor Corp. ....	356,735	15,161,238
Jacobs Engineering Group, Inc. (a) ...	535,756	19,522,949
MasTec, Inc. (a) .....	3,756,206	35,308,336
		<u>69,992,523</u>
<b>Electrical Equipment – 0.1%</b>		
AstroPower, Inc. (a) .....	100	0
Dongfang Electric Corp. Ltd. ....	400	1,230
First Solar, Inc. (a) .....	100	11,383
Harbin Electric, Inc. (a) .....	100	1,665
Jinpan International Ltd. ....	100	1,516
Vestas Wind Systems AS (a) .....	119,400	4,968,596
		<u>4,984,390</u>

	Shares	Value
<b>Industrial Conglomerates – 0.2%</b>		
Max India Ltd. (a) .....	4,043,756	\$ 13,272,003
<b>Machinery – 1.1%</b>		
3D Systems Corp. (a) .....	100	1,255
AGCO Corp. (a) .....	2,004,785	54,069,051
Bell Equipment Ltd. (a) .....	26,418	31,834
Energy Recovery, Inc. (a) .....	100	400
EVA Precision Industrial Holdings Ltd. .	11,056,000	5,164,078
Komax Holding AG (Reg.) (a) .....	100	7,766
Nippon Thompson Co. Ltd. ....	1,139,000	7,718,978
Praj Industries Ltd. (a) .....	1,812,504	3,171,603
R. STAHL AG .....	11,810	288,664
Spirax-Sarco Engineering PLC .....	100	2,037
Uzel Makina Sanayi AS (a) .....	456,690	3
		<u>70,455,669</u>
<b>Professional Services – 1.0%</b>		
51job, Inc. sponsored ADR (a) .....	100	2,081
Advisory Board Co. (a) .....	100	4,296
Corporate Executive Board Co. ....	339,957	8,930,670
Equifax, Inc. ....	279,712	7,848,719
IHS, Inc. Class A (a) .....	100	5,842
JobStreet Corp. Bhd .....	2,617,600	1,613,262
Michael Page International PLC .....	4,635,224	25,653,503
Randstad Holdings NV (a) .....	433,336	17,027,331
		<u>61,085,704</u>
<b>Road &amp; Rail – 0.0%</b>		
Old Dominion Freight Lines, Inc. (a) ...	100	3,514
		<u>3,514</u>
TOTAL INDUSTRIALS .....		<u>249,547,459</u>
<b>INFORMATION TECHNOLOGY – 20.4%</b>		
<b>Communications Equipment – 1.2%</b>		
BYD Electronic International Co. Ltd. .	100	55
DG FastChannel, Inc. (a) .....	100	3,258
Juniper Networks, Inc. (a) .....	3,136,084	71,565,437
MIC Electronics Ltd. ....	1,883,689	1,590,934
ZTE Corp. (H Shares) .....	354,900	1,077,639
		<u>74,237,323</u>
<b>Computers &amp; Peripherals – 1.5%</b>		
Acer, Inc. ....	1,010	2,334
Gemalto NV .....	2,535,054	95,399,807
Lenovo Group Ltd. ....	2,000	1,073
Lenovo Group Ltd. ADR .....	10,700	115,025
Logitech International SA (a) .....	56	751
		<u>95,518,990</u>
<b>Electronic Equipment &amp; Components – 1.0%</b>		
Digital China Holdings Ltd. (H Shares) .	20,188,300	30,843,953
HLS Systems International Ltd. (a) .....	136,920	1,233,649
Ingenico SA .....	1,405,883	30,085,278
Inspur International Ltd. ....	5,000	443
ltron, Inc. (a) .....	100	6,182
L-1 Identity Solutions, Inc. (a) .....	100	819

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

## Common Stocks – continued

	Shares	Value
<b>INFORMATION TECHNOLOGY – continued</b>		
<b>Electronic Equipment &amp; Components – continued</b>		
RadiSys Corp. (a)	16,368	\$ 155,823
SYNNEX Corp. (a)	100	2,562
Trimble Navigation Ltd. (a)	700	19,600
Wasion Group Holdings Ltd.	1,102,000	690,346
		<u>63,038,655</u>
<b>Internet Software &amp; Services – 7.0%</b>		
Alibaba.com Ltd.	500	987
Ancestry.com, Inc.	100	1,762
Answers Corp. (a)	100	732
comScore, Inc. (a)	100	1,647
Constant Contact, Inc. (a)(c)	682,185	14,551,006
eBay, Inc. (a)	18,219,473	357,283,866
INFO Edge India Ltd.	35,287	674,635
Internet Brands, Inc. Class A (a)	1,462	15,102
LoopNet, Inc. (a)	694	8,557
NHN Corp. (a)	55,606	8,261,544
Support.com, Inc. (a)	309,736	1,288,502
ValueClick, Inc. (a)	12,754	136,340
VeriSign, Inc. (a)	706,097	18,746,875
Vocus, Inc. (a)	100	1,528
Web.com, Inc. (a)	43	154
WebMD Health Corp. (a)(c)	785,810	36,485,158
		<u>437,458,395</u>
<b>IT Services – 0.0%</b>		
Computer Task Group, Inc. (a)	114,654	740,665
CyberSource Corp. (a)	100	2,553
Paracon Holdings Ltd.	32,405	6,965
		<u>750,183</u>
<b>Office Electronics – 0.7%</b>		
Xerox Corp.	5,276,806	42,425,520
<b>Semiconductors &amp; Semiconductor Equipment – 3.7%</b>		
Aixtron AG	60	1,436
Aixtron AG sponsored ADR	100	2,383
Altera Corp.	2,545,866	63,162,935
Applied Materials, Inc.	100	1,202
Cree, Inc. (a)	658	39,500
KLA-Tencor Corp.	100	2,788
Kontron AG (d)	2,864,320	25,572,104
NVIDIA Corp. (a)	100	1,021
PMC-Sierra, Inc. (a)(d)	13,542,314	101,838,201
Richtek Technology Corp.	1,333,337	11,116,046
Silicon Laboratories, Inc. (a)	100	4,056
Siliconware Precision Industries Co. Ltd. sponsored ADR (c)	5,214,973	27,900,106
Varian Semiconductor Equipment Associates, Inc. (a)	100	2,866
Veeco Instruments, Inc. (a)(c)	84,447	2,894,843
		<u>232,539,487</u>
<b>Software – 5.3%</b>		
Changyou.com Ltd. (A Shares) ADR (a)	100	2,586

	Shares	Value
Citrix Systems, Inc. (a)	100	\$ 4,223
Computer Modelling Group Ltd.	100	1,576
Concur Technologies, Inc. (a)	100	4,268
DemandTec, Inc. (a)	100	675
ebix.com, Inc. (a)	300	4,704
Electronic Arts, Inc. (a)	1,326,968	19,108,339
Epicor Software Corp. (a)	19,465	155,525
Kingdee International Software Group Co. Ltd.	56,848,000	21,418,416
Longtop Financial Technologies Ltd. ADR (a)(c)	4,261,208	138,063,139
MICROS Systems, Inc. (a)	100	3,187
NetSuite, Inc. (a)	43	544
NIIT Technologies Ltd.	100,193	365,684
PROS Holdings, Inc. (a)	100	650
Rovi Corp. (a)	712,269	27,002,118
Royalblue Group PLC	200	3,957
Salesforce.com, Inc. (a)	100	8,582
Shanda Interactive Entertainment Ltd. sponsored ADR (a)(c)	1,493,701	59,255,119
Solera Holdings, Inc.	582,353	21,081,179
Ubisoft Entertainment SA (a)(c)(d)	5,093,234	38,112,387
VancelInfo Technologies, Inc. ADR (a)	332,800	7,747,584
		<u>332,344,442</u>
TOTAL INFORMATION TECHNOLOGY		<u>1,278,312,995</u>
<b>MATERIALS – 9.3%</b>		
<b>Chemicals – 0.7%</b>		
Asian Paints India Ltd.	482	23,766
Ecolab, Inc.	100	4,491
Sensient Technologies Corp.	1,169,074	30,314,089
ShengdaTech, Inc. (a)	100	473
Zoltek Companies, Inc. (a)(c)	1,564,563	13,251,849
		<u>43,594,668</u>
<b>Construction Materials – 0.0%</b>		
CRH PLC	1	21
<b>Containers &amp; Packaging – 0.0%</b>		
Aptargroup, Inc.	100	3,782
Ball Corp.	465	24,566
		<u>28,348</u>
<b>Metals &amp; Mining – 8.6%</b>		
Africa Cellular Towers Ltd. (a)	290,317	9,077
Agnico-Eagle Mines Ltd. (Canada)	265,500	16,106,327
Barrick Gold Corp.	670,200	30,420,426
Centerra Gold, Inc. (a)	469,400	5,167,787
Eldorado Gold Corp.	6,697,600	120,041,528
Franco-Nevada Corp.	39,900	1,214,372
Goldcorp, Inc.	100	4,378
IAMGOLD Corp.	4,669,800	82,337,275
Inmet Mining Corp.	100	3,959
Kinross Gold Corp.	3,673,800	62,808,849

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>Metals &amp; Mining – continued</b>		
Lihir Gold Ltd. ....	3,500,494	\$ 12,585,143
Minefinders Corp. Ltd. (a)(c) .....	1,317,300	11,743,156
Newcrest Mining Ltd. ....	3,795,543	110,668,414
Newmont Mining Corp. ....	1,088,808	67,223,006
Prakash Industries Ltd. (a) .....	143,090	496,478
Yamana Gold, Inc. ....	1,492,554	15,310,403
		<u>536,140,578</u>
<b>Paper &amp; Forest Products – 0.0%</b>		
Pope Resources, Inc. LP .....	100	<u>2,556</u>
TOTAL MATERIALS .....		<u>579,766,171</u>
<b>TELECOMMUNICATION SERVICES – 0.0%</b>		
<b>Diversified Telecommunication Services – 0.0%</b>		
Verizon Communications, Inc. ....	134,223	<u>3,760,928</u>
<b>UTILITIES – 0.2%</b>		
<b>Electric Utilities – 0.0%</b>		
EnergyO Solutions AB (a) .....	100	<u>591</u>
<b>Gas Utilities – 0.0%</b>		
China Natural Gas, Inc. (a) .....	100	<u>832</u>
<b>Independent Power Producers &amp; Energy Traders – 0.2%</b>		
Calpine Corp. (a) .....	829,415	<u>10,550,159</u>
<b>Multi-Utilities – 0.0%</b>		
Sempra Energy .....	3,400	<u>159,086</u>
<b>Water Utilities – 0.0%</b>		
Cadiz, Inc. (a) .....	100	<u>1,207</u>
TOTAL UTILITIES .....		<u>10,711,875</u>
<b>TOTAL COMMON STOCKS</b>		
(Cost \$5,273,092,240) .....		<b><u>6,260,321,956</u></b>

### Investment Companies – 0.0%

Templeton Emerging Markets Income Fund (Cost \$230,258) .....	23,300	<u>339,015</u>
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### 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	\$ 233,615
Fidelity Securities Lending Cash Central Fund	<u>3,796,586</u>
Total	<u>\$ 4,030,201</u>

### Nonconvertible Bonds – 0.0%

	Principal Amount	Value
<b>CONSUMER STAPLES – 0.0%</b>		
<b>Food Products – 0.0%</b>		
Britannia Industries Ltd. 8.25% 3/22/13 (Cost \$712) .....	INR 41,784	<u>\$ 1,548</u>

### Money Market Funds – 6.0%

	Shares	Value
Fidelity Securities Lending Cash Central Fund, 0.24% (b)(f) (Cost \$377,025,975) .....	377,025,975	<u>377,025,975</u>
<b>TOTAL INVESTMENT PORTFOLIO – 106.0%</b>		
(Cost \$5,650,349,185) .....		<b><u>6,637,688,494</u></b>

**NET OTHER ASSETS (LIABILITIES) – (6.0%)** (378,536,484)

**NET ASSETS – 100%** **\$ 6,259,152,010**

### Legend

- (a) Non-income producing
- (b) Investment made with cash collateral received from securities on loan.
- (c) Security or a portion of the security is on loan at period end.
- (d) Affiliated company
- (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 \$389,304 or 0.0% 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.

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

## Other Affiliated Issuers

An affiliated company is a company in which the fund has ownership of at least 5% of the voting securities. Fiscal year to date transactions with companies which are or were affiliates are as follows:

Affiliate(s)	Value, beginning of period	Purchases	Sales Proceeds	Dividend Income	Value, end of period
Advance Auto Parts, Inc.	\$ 220,594,829	\$ 44,026,170	\$ —	\$ 781,122	\$ 326,639,283
Allscripts-Misys Healthcare Solutions, Inc.	110,470,952	55,587,505	17,992,414	—	119,991,610
AMAG Pharmaceuticals, Inc.	45,544,956	—	—	—	41,137,766
athenahealth, Inc.	35,421,201	48,003,404	—	—	66,828,337
Bridgepoint Education, Inc.	40,930,221	—	—	—	—
Fuel Systems Solutions, Inc.	55,476,749	—	—	—	34,908,381
Harvard Bioscience, Inc.	6,721,507	—	5,827,127	—	—
Hot Topic, Inc.	17,089,867	2,183,657	5,860,792	2,923,177	12,383,607
Kontron AG	27,555,983	4,670,238	—	686,549	25,572,104
Netflix, Inc.	268,348,294	—	—	—	528,763,915
Newpark Resources, Inc.	19,645,351	—	1,811,606	—	—
Parker Drilling Co.	30,759,760	651,666	—	—	25,090,372
Patterson-UTI Energy, Inc.	15,747,626	97,671,501	—	452,689	103,318,687
PMC-Sierra, Inc.	108,038,817	9,508,851	—	—	101,838,201
ResCare, Inc.	19,927,869	—	—	—	17,187,787
Sally Beauty Holdings, Inc.	71,793,804	6,465,701	18,412,457	—	—
Ubisoft Entertainment SA	63,003,211	8,030,150	—	—	38,112,387
Total	<u>\$ 1,157,070,997</u>	<u>\$ 276,798,843</u>	<u>\$ 49,904,396</u>	<u>\$ 4,843,537</u>	<u>\$ 1,441,772,437</u>

## 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 tables below, please refer to the Security Valuation section in the accompanying Notes to Financial Statements.

### Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
<b>Investments in Securities:</b>				
<b>Equities:</b>				
Consumer Discretionary	\$ 1,571,043,281	\$ 1,497,617,480	\$ 73,425,801	\$ —
Consumer Staples	289,536,700	220,795,814	68,740,886	—
Energy	375,401,600	375,401,600	—	—
Financials	702,220,868	548,784,159	153,436,709	—
Health Care	1,200,020,079	1,121,254,727	78,765,352	—
Industrials	249,547,459	157,440,960	92,106,496	3
Information Technology	1,278,312,995	1,013,093,937	265,219,058	—
Materials	579,766,171	455,992,349	123,773,822	—
Telecommunication Services	3,760,928	3,760,928	—	—
Utilities	10,711,875	10,711,284	591	—
Investment Companies	339,015	339,015	—	—
Corporate Bonds	1,548	—	1,548	—
Money Market Funds	377,025,975	377,025,975	—	—
<b>Total Investments in Securities:</b>	<u>\$ 6,637,688,494</u>	<u>\$ 5,782,218,228</u>	<u>\$ 855,470,263</u>	<u>\$ 3</u>

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

## Investments (Unaudited) – continued

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

### Investments in Securities:

Beginning Balance	\$ 1,871,124
Total Realized Gain (Loss)	(781)
Total Unrealized Gain (Loss)	(118,633)
Cost of Purchases	87,435
Proceeds of Sales	(1,839,142)
Amortization/Accretion	—
Transfers in to Level 3	—
Transfers out of Level 3	—
Ending Balance	<u>\$ 3</u>
The change in unrealized gain (loss) for the period attributable to Level 3 securities held at June 30, 2010	\$ (195,651)

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

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

United States of America	74.6%
Canada	5.5%
Cayman Islands	4.6%
Netherlands	2.3%
India	2.2%
China	1.9%
United Kingdom	1.8%
Australia	1.8%
Japan	1.3%
France	1.1%
Others (Individually Less Than 1%)	2.9%
	<u>100.0%</u>

### Income Tax Information

At December 31, 2009, the Fund had a capital loss carryforward of approximately \$1,490,202,634 of which \$602,300,308 and \$887,902,326 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 \$360,194,049) — See accompanying schedule:		
Unaffiliated issuers (cost \$4,204,433,043)	\$4,818,890,082	
Fidelity Central Funds (cost \$377,025,975)	377,025,975	
Other affiliated issuers (cost \$1,068,890,167)	1,441,772,437	
<b>Total Investments (cost \$5,650,349,185)</b>		\$6,637,688,494
Foreign currency held at value (cost \$22,270)		22,257
Receivable for investments sold		47,485,854
Receivable for fund shares sold		1,220,520
Dividends receivable		2,916,269
Interest receivable		18
Distributions receivable from Fidelity Central Funds		1,089,970
Other receivables		200,272
<b>Total assets</b>		<u>6,690,623,654</u>

### Liabilities

Payable to custodian bank	\$ 526,772	
Payable for investments purchased	42,524,407	
Payable for fund shares redeemed	6,462,369	
Accrued management fee	3,061,894	
Distribution fees payable	999,198	
Other affiliated payables	474,615	
Other payables and accrued expenses	396,414	
Collateral on securities loaned, at value	377,025,975	
<b>Total liabilities</b>		<u>431,471,644</u>

<b>Net Assets</b>		<u>\$6,259,152,010</u>
Net Assets consist of:		
Paid in capital		\$6,623,395,178
Undistributed net investment income		9,443,677
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions		(1,361,007,756)
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies		987,320,911
<b>Net Assets</b>		<u>\$6,259,152,010</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 (\$1,070,474,468 ÷ 41,390,703 shares)		\$ 25.86
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### Service Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$625,372,934 ÷ 24,320,909 shares)		\$ 25.71
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### Service Class 2:

<b>Net Asset Value</b> , offering price and redemption price per share (\$4,315,078,653 ÷ 169,955,476 shares)		\$ 25.39
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### Investor Class:

<b>Net Asset Value</b> , offering price and redemption price per share (\$248,225,955 ÷ 9,628,786 shares)		\$ 25.78
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See accompanying notes which are an integral part of the financial statements.

## Financial Statements – continued

### Statement of Operations

Six months ended June 30, 2010 (Unaudited)

<b>Investment Income</b>		
Dividends (including \$4,843,537 earned from other affiliated issuers)		\$ 35,188,421
Interest		143
Income from Fidelity Central Funds (including \$3,796,586 from security lending)		4,030,201
<b>Total income</b>		<u>39,218,765</u>
<b>Expenses</b>		
Management fee	\$ 19,532,297	
Transfer agent fees	2,480,722	
Distribution fees	6,524,451	
Accounting and security lending fees	647,491	
Custodian fees and expenses	333,818	
Independent trustees' compensation	19,206	
Registration fees	233	
Audit	48,389	
Legal	10,535	
Interest	739	
Miscellaneous	308,085	
Total expenses before reductions	29,905,966	
Expense reductions	(130,878)	29,775,088
<b>Net investment income (loss)</b>		<u>9,443,677</u>
<b>Realized and Unrealized Gain (Loss)</b>		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers	215,544,515	
Other affiliated issuers	8,420,255	
Foreign currency transactions	(678,789)	
Total net realized gain (loss)		223,285,981
Change in net unrealized appreciation (depreciation) on:		
Investment securities (net of decrease in deferred foreign taxes of \$3,448,300)	(124,048,202)	
Assets and liabilities in foreign currencies	(7,067)	
Total change in net unrealized appreciation (depreciation)		(124,055,269)
<b>Net gain (loss)</b>		<u>99,230,712</u>
<b>Net increase (decrease) in net assets resulting from operations</b>		<u>\$ 108,674,389</u>

### Statement of Changes in Net Assets

	Six months ended June 30, 2010 (Unaudited)	Year ended December 31, 2009
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net investment income (loss)	\$ 9,443,677	\$ 20,522,335
Net realized gain (loss)	223,285,981	(302,276,366)
Change in net unrealized appreciation (depreciation)	(124,055,269)	2,243,284,432
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>108,674,389</u>	<u>1,961,530,401</u>
Distributions to shareholders from net investment income	—	(30,094,832)
Distributions to shareholders from net realized gain	(12,148,983)	(30,793,750)
<b>Total distributions</b>	<u>(12,148,983)</u>	<u>(60,888,582)</u>
Share transactions – net increase (decrease)	(653,723,283)	(352,221,769)
<b>Total increase (decrease) in net assets</b>	<u>(557,197,877)</u>	<u>1,548,420,050</u>
<b>Net Assets</b>		
Beginning of period	6,816,349,887	5,267,929,837
End of period (including undistributed net investment income of \$9,443,677 and 0, respectively)	<u>\$6,259,152,010</u>	<u>\$6,816,349,887</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 (Unaudited)	2009	2008	2007	2006	2005
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 25.54	\$ 18.43	\$ 36.16	\$ 34.77	\$ 35.11	\$ 30.18
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.06	.12	.14	.21	.19	.16 <sup>H</sup>
Net realized and unrealized gain (loss)	.31	7.26	(12.75)	4.80	3.93	5.28
Total from investment operations	.37	7.38	(12.61)	5.01	4.12	5.44
Distributions from net investment income	—	(.15)	(.13)	(.33)	(.13)	—
Distributions from net realized gain	(.05)	(.12)	(4.99)	(3.29)	(4.33)	(.51)
Total distributions	(.05)	(.27) <sup>J</sup>	(5.12)	(3.62)	(4.46)	(.51)
Net asset value, end of period	\$ 25.86	\$ 25.54	\$ 18.43	\$ 36.16	\$ 34.77	\$ 35.11
<b>Total Return<sup>B,C,D</sup></b>	<b>1.44%</b>	<b>40.09%</b>	<b>(39.44)%</b>	<b>15.63%</b>	<b>12.70%</b>	<b>18.30%</b>
<b>Ratios to Average Net Assets<sup>F,I</sup></b>						
Expenses before reductions	.67% <sup>A</sup>	.68%	.68%	.67%	.68%	.69%
Expenses net of fee waivers, if any	.67% <sup>A</sup>	.68%	.68%	.67%	.68%	.69%
Expenses net of all reductions	.66% <sup>A</sup>	.68%	.67%	.66%	.66%	.64%
Net investment income (loss)	.46% <sup>A</sup>	.54%	.55%	.59%	.58%	.50% <sup>H</sup>
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$1,070,474	\$1,053,796	\$809,243	\$1,532,407	\$1,352,385	\$1,276,302
Portfolio turnover rate <sup>G</sup>	42% <sup>A</sup>	57%	145%	113%	149%	107%

<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>Investment income per share reflects a special dividend which amounted to \$.04 per share. Excluding the special dividend, the ratio of net investment income (loss) to average net assets would have been .36%. <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. 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>Total distributions of \$.27 per share is comprised of distributions from net investment income of \$.153 and distributions from net realized gain of \$.115 per share.

## Financial Highlights — Service Class

	Six months ended		Years ended December 31,			
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 25.40	\$ 18.33	\$ 35.98	\$ 34.59	\$ 34.95	\$ 30.07
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.05	.09	.12	.17	.16	.12 <sup>H</sup>
Net realized and unrealized gain (loss)	.31	7.23	(12.68)	4.77	3.91	5.27
Total from investment operations	.36	7.32	(12.56)	4.94	4.07	5.39
Distributions from net investment income	—	(.13)	(.10)	(.26)	(.10)	—
Distributions from net realized gain	(.05)	(.12)	(4.99)	(3.29)	(4.33)	(.51)
Total distributions	(.05)	(.25) <sup>J</sup>	(5.09)	(3.55)	(4.43)	(.51)
Net asset value, end of period	\$ 25.71	\$ 25.40	\$ 18.33	\$ 35.98	\$ 34.59	\$ 34.95
<b>Total Return<sup>B,C,D</sup></b>	<b>1.41%</b>	<b>39.96%</b>	<b>(39.51)%</b>	<b>15.49%</b>	<b>12.59%</b>	<b>18.20%</b>
<b>Ratios to Average Net Assets<sup>F,I</sup></b>						
Expenses before reductions	.77% <sup>A</sup>	.78%	.78%	.76%	.78%	.79%
Expenses net of fee waivers, if any	.77% <sup>A</sup>	.78%	.78%	.76%	.78%	.79%
Expenses net of all reductions	.76% <sup>A</sup>	.78%	.77%	.75%	.76%	.74%
Net investment income (loss)	.36% <sup>A</sup>	.44%	.45%	.49%	.48%	.40% <sup>H</sup>
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$625,373	\$688,509	\$573,499	\$1,138,873	\$1,091,396	\$990,561
Portfolio turnover rate <sup>G</sup>	42% <sup>A</sup>	57%	145%	113%	149%	107%

<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>Investment income per share reflects a special dividend which amounted to \$.04 per share. Excluding the special dividend, the ratio of net investment income (loss) to average net assets would have been .26%. <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. 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>Total distributions of \$.25 per share is comprised of distributions from net investment income of \$.130 and distributions from net realized gain of \$.115 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 (Unaudited)	2009	2008	2007	2006	2005
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 25.10	\$ 18.12	\$ 35.63	\$ 34.25	\$ 34.67	\$ 29.88
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.03	.06	.08	.12	.11	.08 <sup>H</sup>
Net realized and unrealized gain (loss)	.31	7.13	(12.53)	4.73	3.87	5.22
Total from investment operations	.34	7.19	(12.45)	4.85	3.98	5.30
Distributions from net investment income	—	(.10)	(.07)	(.18)	(.07)	—
Distributions from net realized gain	(.05)	(.12)	(4.99)	(3.29)	(4.33)	(.51)
Total distributions	(.05)	(.21) <sup>J</sup>	(5.06)	(3.47)	(4.40)	(.51)
Net asset value, end of period	\$ 25.39	\$ 25.10	\$ 18.12	\$ 35.63	\$ 34.25	\$ 34.67
<b>Total Return<sup>B, C, D</sup></b>	1.34%	39.75%	(39.61)%	15.34%	12.40%	18.02%
<b>Ratios to Average Net Assets<sup>F, I</sup></b>						
Expenses before reductions	.92% <sup>A</sup>	.93%	.93%	.91%	.93%	.94%
Expenses net of fee waivers, if any	.92% <sup>A</sup>	.93%	.93%	.91%	.93%	.94%
Expenses net of all reductions	.91% <sup>A</sup>	.93%	.92%	.90%	.91%	.89%
Net investment income (loss)	.21% <sup>A</sup>	.29%	.30%	.34%	.33%	.26% <sup>H</sup>
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$4,315,079	\$4,840,547	\$3,721,868	\$5,939,927	\$4,701,583	\$3,542,952
Portfolio turnover rate <sup>G</sup>	42% <sup>A</sup>	57%	145%	113%	149%	107%

<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>Investment income per share reflects a special dividend which amounted to \$.05 per share. Excluding the special dividend, the ratio of net investment income (loss) to average net assets would have been .11%. <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. 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>Total distributions of \$.21 per share is comprised of distributions from net investment income of \$.099 and distributions from net realized gain of \$.115 per share.

## Financial Highlights — Investor Class

	Six months ended	Years ended December 31,				
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005 <sup>I</sup>
<b>Selected Per-Share Data</b>						
Net asset value, beginning of period	\$ 25.47	\$ 18.38	\$ 36.07	\$ 34.69	\$ 35.08	\$ 31.81
Income from Investment Operations						
Net investment income (loss) <sup>E</sup>	.05	.10	.12	.17	.15	.07 <sup>H</sup>
Net realized and unrealized gain (loss)	.31	7.24	(12.71)	4.78	3.93	3.20
Total from investment operations	.36	7.34	(12.59)	4.95	4.08	3.27
Distributions from net investment income	—	(.13)	(.11)	(.28)	(.14)	—
Distributions from net realized gain	(.05)	(.12)	(4.99)	(3.29)	(4.33)	—
Total distributions	(.05)	(.25) <sup>K</sup>	(5.10)	(3.57)	(4.47)	—
Net asset value, end of period	\$ 25.78	\$ 25.47	\$ 18.38	\$ 36.07	\$ 34.69	\$ 35.08
<b>Total Return<sup>B, C, D</sup></b>	1.40%	39.98%	(39.50)%	15.46%	12.59%	10.28%
<b>Ratios to Average Net Assets<sup>F, I</sup></b>						
Expenses before reductions	.75% <sup>A</sup>	.78%	.77%	.78%	.80%	.86% <sup>A</sup>
Expenses net of fee waivers, if any	.75% <sup>A</sup>	.78%	.77%	.78%	.80%	.86% <sup>A</sup>
Expenses net of all reductions	.75% <sup>A</sup>	.78%	.76%	.77%	.78%	.80% <sup>A</sup>
Net investment income (loss)	.37% <sup>A</sup>	.44%	.46%	.47%	.45%	.45% <sup>A, H</sup>
<b>Supplemental Data</b>						
Net assets, end of period (000 omitted)	\$248,226	\$233,498	\$163,319	\$255,371	\$163,646	\$ 50,760
Portfolio turnover rate <sup>G</sup>	42% <sup>A</sup>	57%	145%	113%	149%	107%

<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>Investment income per share reflects a special dividend which amounted to \$.04 per share. Excluding the special dividend, the ratio of net investment income (loss) to average net assets would have been .17%. <sup>I</sup>For the period July 21, 2005 (commencement of sale of shares) to December 31, 2005. <sup>J</sup>Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or 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>K</sup>Total distributions of \$.25 per share is comprised of distributions from net investment income of \$.133 and distributions from net realized gain of \$.115 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 Mid Cap Portfolio (the Fund) is a fund of Variable Insurance Products Fund III (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, 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. The Fund's investments in emerging markets can be subject to social, economic, regulatory, and political uncertainties and can be extremely volatile.

## 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, as well as a roll forward of Level 3 securities, is included at the end of the Fund's Schedule of Investments. Valuation techniques used to value the Fund's investments by major category are as follows.

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

## Notes to Financial Statements (Unaudited) – continued

### 3. Significant Accounting Policies – continued

#### Security Valuation – continued

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

**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.

**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.

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

### 3. Significant Accounting Policies – continued

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

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

Gross unrealized appreciation .....	\$ 1,522,230,321
Gross unrealized depreciation .....	(583,271,670)
Net unrealized appreciation (depreciation) .....	<u>\$ 938,958,651</u>
Tax cost .....	<u>\$ 5,698,729,843</u>

### 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 \$1,405,083,010 and \$1,605,060,424, 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 .30% of the Fund's average net assets and a group fee rate that averaged .26% during the period. The group fee rate is based upon the average net assets of all the mutual funds advised by FMR. The group fee rate decreases as assets under management increase and increases as assets under management decrease. For the period, the total annualized management fee rate was .56% of the Fund's average net assets.

**Distribution and Service Plan.** In accordance with Rule 12b-1 of the 1940 Act, the Fund has adopted separate 12b-1 Plans for each Service Class of shares. Each Service Class pays Fidelity Distributors Corporation (FDC), an affiliate of FMR, a service fee. For the period, the service fee is based on an annual rate of .10% of Service Class' average net assets and .25% of Service Class 2's average net assets.

For the period, 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 .....	\$ 347,467
Service Class 2 .....	6,176,984
	<u>\$ 6,524,451</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 .....	\$ 378,660
Service Class .....	236,557
Service Class 2 .....	1,671,855
Investor Class .....	193,650
	<u>\$ 2,480,722</u>

**Accounting and Security Lending Fees.** Fidelity Service Company, Inc. (FSC), an affiliate of FMR, maintains the Fund's accounting records. The accounting fee is based on the level of average net assets for the month. Under a separate contract, FSC administers the security lending program. The security lending fee is based on the number and duration of lending transactions.

## Notes to Financial Statements (Unaudited) – continued

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

**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 \$6,833 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 .....	\$ 29,242,000	.46%	\$ 739

### 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 \$13,670 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.

### 9. Expense Reductions.

Many of the brokers with whom FMR places trades on behalf of the Fund provided services to the Fund in addition to trade execution. These services included payments of certain expenses on behalf of the Fund totaling \$130,689 for the period. In addition, through arrangements with the Fund's custodian, credits realized as a result of uninvested cash balances were used to reduce the Fund's expenses. During the period, these credits reduced the Fund's custody expenses by \$189.

### 10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Six months ended June 30, 2010	Year ended December 31, 2009
<b>From net investment income</b>		
Initial Class .....	\$ —	\$ 6,271,357
Service Class .....	—	3,549,990
Service Class 2 .....	—	19,070,763
Investor Class .....	—	1,202,722
Total .....	\$ —	\$ 30,094,832
<b>From net realized gain</b>		
Initial Class .....	\$ 1,852,539	\$ 4,689,594
Service Class .....	1,209,662	3,100,928
Service Class 2 .....	8,668,694	21,961,005
Investor Class .....	418,088	1,042,223
Total .....	\$ 12,148,983	\$ 30,793,750

## 11. Share Transactions.

Transactions for each class of shares were as follows:

	Shares		Dollars	
	Six months ended June 30, 2010	Year ended December 31, 2009	Six months ended June 30, 2010	Year ended December 31, 2009
<b>Initial Class</b>				
Shares sold .....	3,286,968	7,166,529	\$ 88,571,578	\$ 150,443,006
Reinvestment of distributions .....	75,737	445,311	1,852,539	10,960,951
Shares redeemed .....	(3,233,709)	(10,268,520)	(85,627,959)	(204,652,246)
Net increase (decrease) .....	<u>128,996</u>	<u>(2,656,680)</u>	<u>\$ 4,796,158</u>	<u>\$ (43,248,289)</u>
<b>Service Class</b>				
Shares sold .....	1,014,929	2,548,266	\$ 27,023,198	\$ 54,796,072
Reinvestment of distributions .....	49,719	272,572	1,209,662	6,650,918
Shares redeemed .....	(3,845,246)	(7,004,112)	(101,804,723)	(145,437,438)
Net increase (decrease) .....	<u>(2,780,598)</u>	<u>(4,183,274)</u>	<u>\$ (73,571,863)</u>	<u>\$ (83,990,448)</u>
<b>Service Class 2</b>				
Shares sold .....	10,043,769	25,216,518	\$ 264,585,501	\$ 526,868,634
Reinvestment of distributions .....	360,595	1,704,510	8,668,694	41,031,768
Shares redeemed .....	(33,267,835)	(39,489,165)	(870,731,831)	(801,330,482)
Net increase (decrease) .....	<u>(22,863,471)</u>	<u>(12,568,137)</u>	<u>\$ (597,477,636)</u>	<u>\$ (233,430,080)</u>
<b>Investor Class</b>				
Shares sold .....	853,737	1,418,834	\$ 22,976,531	\$ 31,541,539
Reinvestment of distributions .....	17,142	91,446	418,088	2,244,945
Shares redeemed .....	(410,281)	(1,228,223)	(10,864,561)	(25,339,436)
Net increase (decrease) .....	<u>460,598</u>	<u>282,057</u>	<u>\$ 12,530,058</u>	<u>\$ 8,447,048</u>

## 12. Other.

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

At the end of the period, FMR or its affiliates were the owners of record of 10% of the total outstanding shares of the Fund and one otherwise unaffiliated shareholder was the owner of record of 17% of the total outstanding shares of the Fund.





**Investment Adviser**

Fidelity Management & Research Company  
Boston, MA

**Investment Sub-Advisers**

Fidelity Management & Research (Hong Kong) Limited  
Fidelity Management & Research (Japan) Inc.  
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.

**General Distributor**

Fidelity Distributors Corporation  
Boston, MA

**Transfer and Service Agents**

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

**Custodian**

Brown Brothers Harriman & Co.  
Boston, MA