

Fidelity® Variable Insurance Products: Equity-Income Portfolio



Annual Report
December 31, 2009



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

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

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

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

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

Neither the fund nor Fidelity Distributors Corporation is a bank.

Performance: The Bottom Line

Average annual total return reflects the change in the value of an investment, assuming reinvestment of a class' dividend income and capital gains (the profits earned upon the sale of securities that have grown in value, if any) and assuming a constant rate of performance each year. During periods of reimbursement by Fidelity, a fund's total return will be greater than it would be had the reimbursement not occurred. Performance numbers are net of all underlying fund operating expenses, but do not include any insurance charges imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total returns would have been lower. How a fund did yesterday is no guarantee of how it will do tomorrow.

Average Annual Total Returns

Periods ended December 31, 2009

	Past 1 year	Past 5 years	Past 10 years
VIP Equity-Income – Initial Class	30.21%	-0.72%	1.84%
VIP Equity-Income – Service Class ^A	30.03%	-0.82%	1.73%
VIP Equity-Income – Service Class 2 ^B	29.88%	-0.97%	1.58%
VIP Equity-Income – Investor Class ^C	30.09%	-0.81%	1.79%

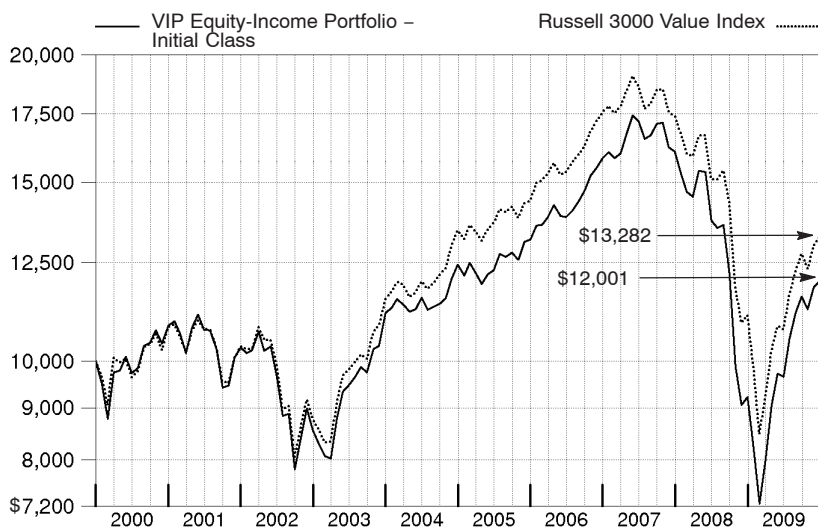
^A Performance of Service Class shares reflects an asset-based service fee (12b-1 fee).

^B The initial offering of Service Class 2 shares took place on January 12, 2000. Performance of Service Class 2 shares reflects an asset-based service fee (12b-1 fee). Returns prior to January 12, 2000 are those of Service Class which reflect a different 12b-1 fee. Had Service Class 2 shares' 12b-1 fee been reflected, returns prior to January 12, 2000 would have been lower.

^C The initial offering of Investor Class shares took place on July 21, 2005. Returns prior to July 21, 2005 are those of Initial Class. Had Investor Class's transfer agent fee been reflected, returns prior to July 21, 2005 would have been lower.

\$10,000 Over 10 Years

Let's say hypothetically that \$10,000 was invested in VIP Equity-Income Portfolio – Initial Class on December 31, 1999. The chart shows how the value of your investment would have changed, and also shows how the Russell 3000[®] Value Index performed over the same period.



Management's Discussion of Fund Performance

Market Recap: In 2009, most global markets saw both crippling lows and considerable highs. After a dismal start, the economy began to show signs of improvement, suggesting that a recovery was on the horizon. Credit markets began to heal as fiscal and monetary stimulus efforts around the world started to take effect, and corporate earnings staged an impressive rebound, fueled in large part by massive cost cutting. As a result, the flight to quality that marked most of 2008 and early 2009 shifted in March as investors flocked to riskier asset categories. The U.S. equity market, as measured by the bellwether Standard & Poor's 500SM Index and the blue-chip proxy Dow Jones Industrial AverageSM, reflected this changing environment, gaining 26.46% and 22.68%, respectively. Meanwhile, the technology-laden Nasdaq Composite[®] Index rose 45.32%. Foreign stocks also produced strong gains, as illustrated by the 31.93% jump of the MSCI[®] EAFE[®] Index (Europe, Australasia, Far East), a gauge of developed stock markets outside the U.S. and Canada. Emerging-markets stocks, which suffered their worst calendar-year performance ever in 2008, posted record returns this past year, with the MSCI Emerging Markets Index soaring 79.02%. A depreciating U.S. dollar helped bolster returns for U.S. investors in foreign equities.

Comments from Stephen Petersen, Portfolio Manager of VIP Equity-Income Portfolio: For the 12 months ending December 31, 2009, the fund solidly outpaced the Russell 3000[®] Value Index, which returned 19.76%. *(For specific portfolio results, please refer to the performance section of this report.)* Overall, the fund was positioned more aggressively than the index so that it could benefit significantly from an improvement in the economy. From an industry perspective, stock picks in capital goods, energy and banks provided the biggest boost to relative performance. Overweighting consumer discretionary — particularly the automobiles and components group — technology and diversified financials also helped. On the flip side, unrewarding stock selection in automobiles and components detracted from the fund's relative results, as did an underweighting in materials and health care. Individual contributors included an underweighted position in energy giant Exxon Mobil, whose return lagged that of the broader market. Underweighting multi-industry conglomerate General Electric and financials heavyweight Citigroup, two weak-performing benchmark components, also helped. Individual detractors included the fund's relatively small stake in Ford Motor, which came back strongly as it gained share against other major automakers and became profitable. An underweighting in copper mining company Freeport-McMoRan Copper & Gold, which benefited from rising commodity prices, detracted as well.

The views expressed above reflect those of the portfolio manager(s) only through the end of the period as stated on the cover of this report and do not necessarily represent the views of Fidelity or any other person in the Fidelity organization. Any such views are subject to change at any time based upon market or other conditions and Fidelity disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fidelity fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity fund.

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 (July 1, 2009 to December 31, 2009).

Actual Expenses

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

Hypothetical Example for Comparison Purposes

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

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

	Annualized Expense Ratio	Beginning Account Value July 1, 2009	Ending Account Value December 31, 2009	Expenses Paid During Period [*] July 1, 2009 to December 31, 2009
Initial Class	.57%			
Actual		\$ 1,000.00	\$ 1,242.70	\$ 3.22
Hypothetical ^A		\$ 1,000.00	\$ 1,022.33	\$ 2.91
Service Class	.67%			
Actual		\$ 1,000.00	\$ 1,241.70	\$ 3.79
Hypothetical ^A		\$ 1,000.00	\$ 1,021.83	\$ 3.41
Service Class 2	.82%			
Actual		\$ 1,000.00	\$ 1,240.60	\$ 4.63
Hypothetical ^A		\$ 1,000.00	\$ 1,021.07	\$ 4.18
Service Class 2R	.82%			
Actual		\$ 1,000.00	\$ 1,240.90	\$ 4.63
Hypothetical ^A		\$ 1,000.00	\$ 1,021.07	\$ 4.18
Investor Class	.66%			
Actual		\$ 1,000.00	\$ 1,241.40	\$ 3.73
Hypothetical ^A		\$ 1,000.00	\$ 1,021.88	\$ 3.36

^A 5% return per year before expenses

^{*} Expenses are equal to each Class' annualized expense ratio, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

Investment Changes (Unaudited)

Top Ten Stocks as of December 31, 2009

	% of fund's net assets	% of fund's net assets 6 months ago
JPMorgan Chase & Co.	3.7	3.7
Wells Fargo & Co.	3.4	3.3
AT&T, Inc.	3.1	3.5
Chevron Corp.	2.8	3.0
Bank of America Corp.	2.7	3.0
Pfizer, Inc.	2.5	1.6
Exxon Mobil Corp.	2.5	3.4
PNC Financial Services Group, Inc.	1.9	1.0
Merck & Co., Inc.	1.7	0.8
Royal Dutch Shell PLC Class A sponsored ADR	1.6	1.0
	<u>25.9</u>	

Top Five Market Sectors as of December 31, 2009

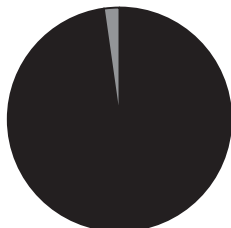
	% of fund's net assets	% of fund's net assets 6 months ago
Financials	26.4	25.3
Energy	15.3	15.3
Consumer Discretionary	14.7	13.5
Industrials	10.1	8.5
Information Technology	8.6	8.9

Asset Allocation (% of fund's net assets)

As of December 31, 2009*

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

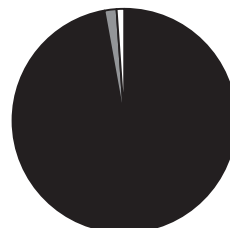
* Foreign investments 13.1%



As of June 30, 2009**

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

** Foreign investments 10.8%



† Amount represents less than 0.1%

Investments December 31, 2009

Showing Percentage of Net Assets

Common Stocks – 96.2%

	Shares	Value
CONSUMER DISCRETIONARY – 13.7%		
Auto Components – 1.5%		
Johnson Controls, Inc.	1,779,883	\$ 48,484,013
Michelin CGDE Series B	116,762	8,956,557
The Goodyear Tire & Rubber Co. (a) ...	2,295,700	32,369,370
		<u>89,809,940</u>
Automobiles – 1.1%		
Daimler AG (Reg.)	185,204	9,871,373
Fiat SpA (a)	954,377	14,004,922
Harley-Davidson, Inc. (d)	1,279,250	32,237,100
Thor Industries, Inc.	151,600	4,760,240
Winnebago Industries, Inc. (a)	144,011	1,756,934
		<u>62,630,569</u>
Diversified Consumer Services – 0.7%		
H&R Block, Inc.	1,889,186	42,733,387
Hotels, Restaurants & Leisure – 1.1%		
Las Vegas Sands Corp. unit	112,000	28,657,440
Sands China Ltd.	4,370,400	5,273,508
Starbucks Corp. (a)	1,335,700	30,801,242
		<u>64,732,190</u>
Household Durables – 2.0%		
Black & Decker Corp.	327,151	21,209,199
KB Home	295,900	4,047,912
Lennar Corp. Class A	603,166	7,702,430
Newell Rubbermaid, Inc.	1,925,020	28,894,550
Pulte Homes, Inc.	1,665,768	16,657,680
Toll Brothers, Inc. (a)	52,787	992,923
Whirlpool Corp.	486,034	39,203,502
		<u>118,708,196</u>
Internet & Catalog Retail – 0.2%		
Liberty Media Corp. Interactive Series A (a)	1,026,465	11,126,881
Leisure Equipment & Products – 0.2%		
Brunswick Corp.	1,013,757	12,884,851
Media – 2.8%		
Belo Corp. Series A	952,224	5,180,099
CC Media Holdings, Inc. Class A (a) ...	693,958	2,151,270
Comcast Corp. Class A	2,162,436	36,458,671
Informa PLC	1,922,891	9,944,577
Interpublic Group of Companies, Inc. (a)	1,365,700	10,078,866
The Walt Disney Co.	1,362,400	43,937,400
Time Warner, Inc.	1,498,683	43,671,623
Virgin Media, Inc.	729,980	12,285,563
		<u>163,708,069</u>
Multiline Retail – 1.6%		
Kohl's Corp. (a)	639,224	34,473,350
Macy's, Inc.	824,200	13,813,592
Target Corp.	953,300	46,111,121
Tuesday Morning Corp. (a)	445,123	1,148,417
		<u>95,546,480</u>

	Shares	Value
Specialty Retail – 2.5%		
Home Depot, Inc.	2,248,200	\$ 65,040,426
Lowe's Companies, Inc.	1,070,178	25,031,463
OfficeMax, Inc. (a)	429,700	5,452,893
RadioShack Corp.	565,700	11,031,150
Staples, Inc.	1,627,145	40,011,496
		<u>146,567,428</u>
TOTAL CONSUMER DISCRETIONARY		<u>808,447,991</u>
CONSUMER STAPLES – 5.0%		
Beverages – 1.1%		
Carlsberg AS Series B	335,671	24,797,311
The Coca-Cola Co.	723,465	41,237,505
		<u>66,034,816</u>
Food & Staples Retailing – 1.0%		
CVS Caremark Corp.	625,805	20,157,179
Kroger Co.	672,300	13,802,319
Wal-Mart Stores, Inc.	173,363	9,266,252
Walgreen Co.	363,149	13,334,831
Winn-Dixie Stores, Inc. (a)	587,020	5,893,681
		<u>62,454,262</u>
Food Products – 1.1%		
Hershey Co.	101,300	3,625,527
Marine Harvest ASA (a)(d)	15,779,000	11,518,552
Nestle SA (Reg.)	683,518	33,137,866
Tyson Foods, Inc. Class A	1,213,727	14,892,430
		<u>63,174,375</u>
Household Products – 0.8%		
Kimberly-Clark Corp.	133,489	8,504,584
Procter & Gamble Co.	619,942	37,587,083
		<u>46,091,667</u>
Personal Products – 0.2%		
Avon Products, Inc.	430,908	13,573,602
Tobacco – 0.8%		
Philip Morris International, Inc.	965,905	46,546,962
TOTAL CONSUMER STAPLES		<u>297,875,684</u>
ENERGY – 15.3%		
Energy Equipment & Services – 2.9%		
Baker Hughes, Inc.	340,800	13,795,584
BJ Services Co.	654,124	12,166,706
Halliburton Co.	763,095	22,961,529
Nabors Industries Ltd. (a)	947,513	20,741,060
Noble Corp.	1,079,468	43,934,348
Pride International, Inc. (a)	410,300	13,092,673
Schlumberger Ltd.	642,557	41,824,035
		<u>168,515,935</u>
Oil, Gas & Consumable Fuels – 12.4%		
Anadarko Petroleum Corp.	339,800	21,210,316
Apache Corp.	368,580	38,026,399

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

Investments – continued

Common Stocks – continued

	Shares	Value
ENERGY – continued		
Oil, Gas & Consumable Fuels – continued		
Chevron Corp.	2,164,629	\$ 166,654,787
Cloud Peak Energy, Inc.	186,600	2,716,896
ConocoPhillips	1,592,410	81,324,379
CONSOL Energy, Inc.	432,690	21,547,962
Devon Energy Corp.	212,200	15,596,700
EOG Resources, Inc.	446,300	43,424,990
Exxon Mobil Corp.	2,123,330	144,789,873
Marathon Oil Corp.	731,500	22,837,430
Occidental Petroleum Corp.	662,009	53,854,432
Reliance Industries Ltd.	484,316	11,380,539
Royal Dutch Shell PLC:		
Class A sponsored ADR	1,609,400	96,741,034
Class B ADR	232,200	13,497,786
		<u>733,603,523</u>
TOTAL ENERGY		<u>902,119,458</u>
FINANCIALS – 25.2%		
Capital Markets – 5.0%		
Bank of New York Mellon Corp.	1,570,599	43,929,654
Credit Suisse Group sponsored ADR ...	323,400	15,898,344
Goldman Sachs Group, Inc.	478,494	80,788,927
Legg Mason, Inc.	142,012	4,283,082
Morgan Stanley	2,423,877	71,746,759
Nomura Holdings, Inc.	711,900	5,296,728
State Street Corp.	864,680	37,648,167
T. Rowe Price Group, Inc.	202,623	10,789,675
UBS AG:		
(For. Reg.) (a)	640,888	9,970,413
(NY Shares) (a)	1,106,200	17,157,162
		<u>297,508,911</u>
Commercial Banks – 7.6%		
Associated Banc-Corp.	1,324,766	14,585,674
Comerica, Inc.	580,000	17,150,600
Huntington Bancshares, Inc.	1,630,500	5,951,325
KeyCorp	3,133,300	17,389,815
Marshall & Ilsley Corp.	844,500	4,602,525
Mitsubishi UFJ Financial Group, Inc. sponsored ADR	3,979,625	19,579,755
PNC Financial Services Group, Inc. ...	2,114,730	111,636,597
Standard Chartered PLC (United Kingdom)	567,497	14,445,274
SunTrust Banks, Inc.	334,863	6,794,370
U.S. Bancorp, Delaware	1,618,638	36,435,541
Wells Fargo & Co.	7,398,509	199,685,758
		<u>448,257,234</u>
Consumer Finance – 1.7%		
American Express Co.	668,554	27,089,808
Capital One Financial Corp.	695,499	26,665,432
Discover Financial Services	2,519,369	37,059,918

	Shares	Value
Promise Co. Ltd. (d)	332,700	\$ 2,554,783
SLM Corp. (a)	904,032	10,188,441
		<u>103,558,382</u>
Diversified Financial Services – 7.2%		
Bank of America Corp.	10,704,679	161,212,466
Citigroup, Inc.	8,450,304	27,970,506
CME Group, Inc.	16,146	5,424,249
JPMorgan Chase & Co.	5,264,512	219,372,212
Moody's Corp. (d)	526,971	14,122,823
		<u>428,102,256</u>
Insurance – 2.4%		
ACE Ltd.	470,070	23,691,528
Allstate Corp.	208,800	6,272,352
Hartford Financial Services Group, Inc.	583,700	13,576,862
MetLife, Inc.	497,173	17,575,066
Montpelier Re Holdings Ltd.	1,326,200	22,969,784
PartnerRe Ltd.	250,624	18,711,588
The First American Corp.	289,320	9,579,385
The Travelers Companies, Inc.	550,396	27,442,745
		<u>139,819,310</u>
Real Estate Investment Trusts – 0.6%		
Developers Diversified Realty Corp. ...	639,315	5,920,057
HCP, Inc.	575,400	17,572,716
Segro PLC	1,278,288	7,119,109
Senior Housing Properties Trust (SBI) ...	264,756	5,790,214
		<u>36,402,096</u>
Real Estate Management & Development – 0.7%		
Allgreen Properties Ltd.	2,921,000	2,556,992
CB Richard Ellis Group, Inc. Class A (a)	2,107,041	28,592,546
Indiabulls Real Estate Ltd. (a)	1,690,085	8,292,014
Unite Group PLC (a)	62,208	301,110
		<u>39,742,662</u>
TOTAL FINANCIALS		<u>1,493,390,851</u>
HEALTH CARE – 7.6%		
Biotechnology – 0.7%		
Amgen, Inc. (a)	556,222	31,465,479
Biogen Idec, Inc. (a)	236,400	12,647,400
		<u>44,112,879</u>
Health Care Equipment & Supplies – 0.9%		
Baxter International, Inc.	63,114	3,703,530
Boston Scientific Corp. (a)	2,033,862	18,304,758
C. R. Bard, Inc.	43,500	3,388,650
CareFusion Corp. (a)	52,700	1,318,027
Covidien PLC	511,936	24,516,615
		<u>51,231,580</u>
Health Care Providers & Services – 0.4%		
UnitedHealth Group, Inc.	796,900	24,289,512

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

Common Stocks – continued

	Shares	Value
HEALTH CARE – continued		
Pharmaceuticals – 5.6%		
Abbott Laboratories	224,900	\$ 12,142,351
Johnson & Johnson	841,429	54,196,442
Merck & Co., Inc.	2,750,672	100,509,555
Pfizer, Inc.	8,040,415	146,255,149
Sanofi-Aventis	202,819	15,929,130
		<u>329,032,627</u>
TOTAL HEALTH CARE		<u>448,666,598</u>
INDUSTRIALS – 9.8%		
Aerospace & Defense – 2.8%		
General Dynamics Corp.	168,700	11,500,279
Honeywell International, Inc.	1,179,825	46,249,140
Lockheed Martin Corp.	87,800	6,615,730
Raytheon Co.	153,300	7,898,016
Spirit AeroSystems Holdings, Inc. Class A (a)	769,882	15,289,857
The Boeing Co.	495,584	26,825,962
United Technologies Corp.	766,540	53,205,541
		<u>167,584,525</u>
Building Products – 0.4%		
Armstrong World Industries, Inc. (a)	67,514	2,628,320
Masco Corp.	1,363,900	18,835,459
		<u>21,463,779</u>
Commercial Services & Supplies – 0.1%		
Republic Services, Inc.	236,239	6,687,926
Construction & Engineering – 0.2%		
Fluor Corp.	243,700	10,976,248
Electrical Equipment – 0.5%		
Cooper Industries PLC Class A	413,300	17,623,112
Schneider Electric SA	84,278	9,867,297
		<u>27,490,409</u>
Industrial Conglomerates – 3.0%		
General Electric Co.	4,167,377	63,052,414
Koninklijke Philips Electronics NV (NY Shares)	236,392	6,959,380
Rheinmetall AG	352,933	22,606,072
Siemens AG sponsored ADR (d)	510,500	46,812,850
Textron, Inc.	989,800	18,618,138
Tyco International Ltd.	601,736	21,469,940
		<u>179,518,794</u>
Machinery – 2.2%		
Briggs & Stratton Corp.	1,046,088	19,572,306
Caterpillar, Inc.	101,800	5,801,582
Cummins, Inc.	417,900	19,164,894
Eaton Corp.	384,500	24,461,890
Ingersoll-Rand Co. Ltd.	582,088	20,803,825
Kennametal, Inc.	549,591	14,245,399

	Shares	Value
The Stanley Works	278,036	\$ 14,321,634
Vallourec SA	59,100	10,749,766
		<u>129,121,296</u>
Road & Rail – 0.6%		
CSX Corp.	406,800	19,725,732
Union Pacific Corp.	266,500	17,029,350
		<u>36,755,082</u>
TOTAL INDUSTRIALS		<u>579,598,059</u>
INFORMATION TECHNOLOGY – 8.2%		
Communications Equipment – 1.0%		
Cisco Systems, Inc. (a)	1,912,780	45,791,953
Motorola, Inc.	2,053,412	15,934,477
		<u>61,726,430</u>
Computers & Peripherals – 1.3%		
Hewlett-Packard Co.	1,124,865	57,941,796
International Business Machines Corp.	136,200	17,828,580
		<u>75,770,376</u>
Electronic Equipment & Components – 1.6%		
Agilent Technologies, Inc. (a)	278,463	8,651,845
Arrow Electronics, Inc. (a)	833,400	24,676,974
Avnet, Inc. (a)	1,022,554	30,840,229
Tyco Electronics Ltd.	1,170,236	28,729,294
		<u>92,898,342</u>
Internet Software & Services – 0.0%		
AOL, Inc. (a)	6,813	158,607
IT Services – 0.1%		
Hewitt Associates, Inc. Class A (a)	103,300	4,365,458
MoneyGram International, Inc. (a)	721,800	2,078,784
		<u>6,444,242</u>
Office Electronics – 0.2%		
Xerox Corp.	1,157,235	9,790,208
Semiconductors & Semiconductor Equipment – 3.2%		
Applied Materials, Inc.	2,054,400	28,638,336
Intel Corp.	3,360,800	68,560,320
Micron Technology, Inc. (a)	1,507,800	15,922,368
National Semiconductor Corp.	1,675,447	25,734,866
Novellus Systems, Inc. (a)	721,139	16,831,384
Samsung Electronics Co. Ltd.	2,635	1,805,515
Teradyne, Inc. (a)	1,659,200	17,803,216
Varian Semiconductor Equipment Associates, Inc. (a)	354,900	12,733,812
		<u>188,029,817</u>
Software – 0.8%		
Microsoft Corp.	916,760	27,952,012
Oracle Corp.	843,108	20,689,870
		<u>48,641,882</u>
TOTAL INFORMATION TECHNOLOGY		<u>483,459,904</u>

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

Investments – continued

Common Stocks – continued

	Shares	Value
MATERIALS – 1.9%		
Chemicals – 1.0%		
Celanese Corp. Class A	409,200	\$ 13,135,320
Clariant AG (Reg.) (a)	497,150	5,867,181
Dow Chemical Co.	432,700	11,955,501
E.I. du Pont de Nemours & Co.	786,800	26,491,556
		<u>57,449,558</u>
Metals & Mining – 0.7%		
Alcoa, Inc.	1,241,171	20,007,677
Commercial Metals Co.	153,000	2,394,450
Nucor Corp.	423,900	19,774,935
		<u>42,177,062</u>
Paper & Forest Products – 0.2%		
Weyerhaeuser Co.	289,084	12,471,084
TOTAL MATERIALS		<u>112,097,704</u>
TELECOMMUNICATION SERVICES – 6.0%		
Diversified Telecommunication Services – 5.2%		
AT&T, Inc.	6,514,669	182,606,172
Qwest Communications International, Inc.	8,059,800	33,931,758
Verizon Communications, Inc.	2,829,102	93,728,149
		<u>310,266,079</u>
Wireless Telecommunication Services – 0.8%		
Sprint Nextel Corp. (a)	7,237,678	26,489,901
Vodafone Group PLC sponsored ADR ..	879,087	20,298,119
		<u>46,788,020</u>
TOTAL TELECOMMUNICATION SERVICES		<u>357,054,099</u>
UTILITIES – 3.5%		
Electric Utilities – 2.6%		
Allegheny Energy, Inc.	1,622,909	38,105,903
American Electric Power Co., Inc.	775,691	26,986,290
Entergy Corp.	372,459	30,482,045
Exelon Corp.	663,100	32,405,697
FirstEnergy Corp.	588,200	27,321,890
		<u>155,301,825</u>
Independent Power Producers & Energy Traders – 0.8%		
AES Corp.	2,329,758	31,009,079
Constellation Energy Group, Inc.	388,406	13,660,239
		<u>44,669,318</u>
Multi-Utilities – 0.1%		
CMS Energy Corp.	427,700	6,697,782
TOTAL UTILITIES		<u>206,668,925</u>
TOTAL COMMON STOCKS (Cost \$5,532,143,070)		<u>5,689,379,273</u>

Preferred Stocks – 1.6%

	Shares	Value
Convertible Preferred Stocks – 1.5%		
FINANCIALS – 1.0%		
Commercial Banks – 0.1%		
Huntington Bancshares, Inc. 8.50%	9,000	\$ 7,560,000
Diversified Financial Services – 0.6%		
Bank of America Corp.	1,722,000	25,692,240
Citigroup, Inc. 7.50%	87,000	9,077,580
		<u>34,769,820</u>
Insurance – 0.3%		
XL Capital Ltd. 10.75%	494,600	13,809,232
TOTAL FINANCIALS		<u>56,139,052</u>
MATERIALS – 0.5%		
Chemicals – 0.1%		
Celanese Corp. 4.25%	111,200	4,536,960
Metals & Mining – 0.4%		
Freeport-McMoRan Copper & Gold, Inc. 6.75%	232,700	26,818,675
TOTAL MATERIALS		<u>31,355,635</u>
TOTAL CONVERTIBLE PREFERRED STOCKS		<u>87,494,687</u>
Nonconvertible Preferred Stocks – 0.1%		
FINANCIALS – 0.1%		
Insurance – 0.1%		
Fondiarria-Sai SpA (Risparmio Shares) .	442,986	4,987,990
TOTAL PREFERRED STOCKS (Cost \$88,830,967)		<u>92,482,677</u>

Corporate Bonds – 2.2%

	Principal Amount	
Convertible Bonds – 2.1%		
CONSUMER DISCRETIONARY – 1.0%		
Automobiles – 0.2%		
Ford Motor Co. 4.25% 11/15/16 ..	\$ 10,390,000	13,140,233
Leisure Equipment & Products – 0.0%		
Eastman Kodak Co. 7% 4/1/17 (e)	2,030,000	1,840,195
Media – 0.8%		
Liberty Global, Inc. 4.5% 11/15/16 (e)	3,400,000	3,710,420
Liberty Media Corp.:		
3.5% 1/15/31	256,296	169,373
4% 11/15/29	4,750,000	2,434,375
3.5% 1/15/31 (e)	9,378,184	6,197,592

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

Corporate Bonds – continued

	Principal Amount	Value
Convertible Bonds – continued		
CONSUMER DISCRETIONARY – continued		
Media – continued		
News America, Inc. liquid yield option note:		
0% 2/28/21 (e)	\$ 22,670,000	\$ 14,927,062
0% 2/28/21	3,490,000	2,297,991
Virgin Media, Inc. 6.5% 11/15/16 (e)	12,614,000	14,951,374
		<u>44,688,187</u>
TOTAL CONSUMER DISCRETIONARY		<u>59,668,615</u>
FINANCIALS – 0.1%		
Thriffs & Mortgage Finance – 0.1%		
MGIC Investment Corp. 9% 4/1/63 (c)(e)	10,438,000	6,588,988
INDUSTRIALS – 0.3%		
Airlines – 0.2%		
AMR Corp. 6.25% 10/15/14	1,930,000	2,001,217
UAL Corp.:		
4.5% 6/30/21 (e)	8,490,000	7,428,750
4.5% 6/30/21	280,000	245,000
6% 10/15/29	2,430,000	4,004,397
		<u>13,679,364</u>
Industrial Conglomerates – 0.1%		
Textron, Inc. 4.5% 5/1/13	1,920,000	3,093,504
TOTAL INDUSTRIALS		<u>16,772,868</u>
INFORMATION TECHNOLOGY – 0.4%		
Semiconductors & Semiconductor Equipment – 0.4%		
Advanced Micro Devices, Inc.:		
6% 5/1/15 (e)	13,250,000	11,875,975
6% 5/1/15	5,870,000	5,261,281
Micron Technology, Inc. 1.875% 6/1/14	5,570,000	5,361,125
		<u>22,498,381</u>
MATERIALS – 0.3%		
Metals & Mining – 0.3%		
Alcoa, Inc. 5.25% 3/15/14	3,240,000	8,440,200
United States Steel Corp. 4% 5/15/14	4,470,000	8,364,488
		<u>16,804,688</u>
TOTAL CONVERTIBLE BONDS		<u>122,333,540</u>

Nonconvertible Bonds – 0.1%

MATERIALS – 0.1%

Chemicals – 0.1%

Hercules, Inc. 6.5% 6/30/29 unit .. \$ 15,700,000 \$ 9,272,813

TOTAL CORPORATE BONDS

(Cost \$124,149,963)

131,606,353

Money Market Funds – 0.4%

	Shares	
Fidelity Cash Central Fund, 0.16% (f)	646,970	646,970
Fidelity Securities Lending Cash Central Fund, 0.15% (b)(f)	23,754,143	23,754,143
TOTAL MONEY MARKET FUNDS (Cost \$24,401,113)		<u>24,401,113</u>
TOTAL INVESTMENT PORTFOLIO – 100.4% (Cost \$5,769,525,113)		<u>5,937,869,416</u>
NET OTHER ASSETS – (0.4%)		<u>(24,715,851)</u>
NET ASSETS – 100%		<u>\$ 5,913,153,565</u>

Legend

- (a) Non-income producing
- (b) Investment made with cash collateral received from securities on loan.
- (c) Non-income producing – Issuer is in default.
- (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 \$67,520,356 or 1.1% 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.

Investments – continued

Affiliated Central Funds

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

Fund	Income earned
Fidelity Cash Central Fund	\$ 102,108
Fidelity Securities Lending Cash Central Fund	2,011,922
Total	<u>\$ 2,114,030</u>

Other Information

The following is a summary of the inputs used, as of December 31, 2009, involving the Fund's assets and liabilities carried at value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the tables below, please refer to the Security Valuation section in the accompanying Notes to Financial Statements.

Description	Valuation Inputs at Reporting Date:			
	Total	Level 1	Level 2	Level 3
Investments in Securities:				
Equities:				
Consumer Discretionary	\$ 808,447,991	\$ 764,645,670	\$ 43,802,321	\$ —
Consumer Staples	297,875,684	297,875,684	—	—
Energy	902,119,458	902,119,458	—	—
Financials	1,554,517,893	1,529,135,969	25,381,924	—
Health Care	448,666,598	432,737,468	15,929,130	—
Industrials	579,598,059	579,598,059	—	—
Information Technology	483,459,904	483,459,904	—	—
Materials	143,453,339	112,097,704	31,355,635	—
Telecommunication Services	357,054,099	357,054,099	—	—
Utilities	206,668,925	206,668,925	—	—
Corporate Bonds	131,606,353	—	131,606,353	—
Money Market Funds	24,401,113	24,401,113	—	—
Total Investments in Securities:	<u>\$ 5,937,869,416</u>	<u>\$ 5,689,794,053</u>	<u>\$ 248,075,363</u>	<u>\$ —</u>

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

Investments in Securities:	
Beginning Balance	\$ 11,592,000
Total Realized Gain (Loss)	—
Total Unrealized Gain (Loss)	17,065,440
Cost of Purchases	—
Proceeds of Sales	—
Amortization/Accretion	—
Transfers in/out of Level 3	(28,657,440)
Ending Balance	<u>\$ —</u>
The change in unrealized gain (loss) for the period attributable to Level 3 securities held at December 31, 2009	<u>\$ —</u>

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 represents either the beginning value (for transfers in), or the ending value (for transfers out) of any Security or Instrument where a change in the pricing level occurred from the beginning to the end of the period. 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	86.9%
Switzerland	3.5%
United Kingdom	2.4%
Germany	1.4%
Ireland	1.1%
Others (individually less than 1%)	4.7%
	<u>100.0%</u>

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

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.

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

Financial Statements

Statement of Assets and Liabilities

December 31, 2009

Assets

Investment in securities, at value (including securities loaned of \$22,868,461) — See accompanying schedule:	
Unaffiliated issuers (cost \$5,745,124,000)	\$5,913,468,303
Fidelity Central Funds (cost \$24,401,113)	24,401,113
Total Investments (cost \$5,769,525,113)	\$5,937,869,416
Cash	255
Foreign currency held at value (cost \$935,911)	936,674
Receivable for fund shares sold	1,452,375
Dividends receivable	6,246,755
Interest receivable	1,001,347
Distributions receivable from Fidelity Central Funds	8,536
Prepaid expenses	26,418
Other receivables	449,969
Total assets	<u>5,947,991,745</u>

Liabilities

Payable for investments purchased . \$	2,477,801
Payable for fund shares redeemed ..	4,833,207
Accrued management fee	2,263,882
Distribution fees payable	361,749
Other affiliated payables	444,942
Other payables and accrued expenses	702,456
Collateral on securities loaned, at value	23,754,143
Total liabilities	<u>34,838,180</u>

Net Assets	<u>\$5,913,153,565</u>
Net Assets consist of:	
Paid in capital	\$6,349,033,450
Undistributed net investment income	3,552,237
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions	(607,611,333)
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies	168,179,211
Net Assets	<u>\$5,913,153,565</u>

Statement of Assets and Liabilities – continued

December 31, 2009

Initial Class:

Net Asset Value , offering price and redemption price per share (\$3,771,732,779 ÷ 224,423,139 shares)	<u>\$ 16.81</u>
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Service Class:

Net Asset Value , offering price and redemption price per share (\$430,382,740 ÷ 25,690,957 shares)	<u>\$ 16.75</u>
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Service Class 2:

Net Asset Value , offering price and redemption price per share (\$1,558,420,837 ÷ 94,056,220 shares)	<u>\$ 16.57</u>
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Service Class 2R:

Net Asset Value , offering price and redemption price per share (\$5,259,330 ÷ 318,964 shares) .	<u>\$ 16.49</u>
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Investor Class:

Net Asset Value , offering price and redemption price per share (\$147,357,879 ÷ 8,787,807 shares)	<u>\$ 16.77</u>
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See accompanying notes which are an integral part of the financial statements.

Statement of Operations

Year ended December 31, 2009

Investment Income		
Dividends		\$ 140,641,674
Interest		6,629,991
Income from Fidelity Central Funds		2,114,030
Total income		<u>149,385,695</u>
Expenses		
Management fee	\$ 24,075,160	
Transfer agent fees	4,221,132	
Distribution fees	3,821,247	
Accounting and security lending fees	1,248,700	
Custodian fees and expenses	111,489	
Independent trustees' compensation	37,646	
Appreciation in deferred trustee compensation account	300	
Audit	76,147	
Legal	35,456	
Interest	5,437	
Miscellaneous	491,580	
Total expenses before reductions	34,124,294	
Expense reductions	(104,263)	34,020,031
Net investment income (loss)		<u>115,365,664</u>
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers (net of foreign taxes of \$34,090)	(309,800,968)	
Foreign currency transactions	(74,567)	
Capital gain distributions from Fidelity Central Funds	1,708	
Total net realized gain (loss)		(309,873,827)
Change in net unrealized appreciation (depreciation) on:		
Investment securities (net of increase in deferred foreign taxes of \$170,609)	1,591,443,990	
Assets and liabilities in foreign currencies	8,118	
Total change in net unrealized appreciation (depreciation)		1,591,452,108
Net gain (loss)		<u>1,281,578,281</u>
Net increase (decrease) in net assets resulting from operations		<u>\$1,396,943,945</u>

Statement of Changes in Net Assets

	Year ended December 31, 2009	Year ended December 31, 2008
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 115,365,664	\$ 188,293,003
Net realized gain (loss)	(309,873,827)	(284,674,239)
Change in net unrealized appreciation (depreciation)	1,591,452,108	(4,122,622,475)
Net increase (decrease) in net assets resulting from operations	<u>1,396,943,945</u>	<u>(4,219,003,711)</u>
Distributions to shareholders from net investment income	(115,095,209)	(186,575,269)
Distributions to shareholders from net realized gain	—	(8,976,342)
Total distributions	<u>(115,095,209)</u>	<u>(195,551,611)</u>
Share transactions – net increase (decrease)	(545,969,487)	(1,357,103,153)
Redemption fees	1,473	1,769
Total increase (decrease) in net assets	<u>735,880,722</u>	<u>(5,771,656,706)</u>
Net Assets		
Beginning of period	5,177,272,843	10,948,929,549
End of period (including undistributed net investment income of \$3,552,237 and undistributed net investment income of \$2,607,485, respectively)	<u>\$5,913,153,565</u>	<u>\$5,177,272,843</u>

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

Financial Highlights — Initial Class

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

^ATotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^BTotal returns would have been lower had certain expenses not been reduced during the periods shown. ^CCalculated based on average shares outstanding during the period. ^DFees 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. ^EAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^FExpense 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. ^GAmount represents less than \$.01 per share.

Financial Highlights — Service Class

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

^ATotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^BTotal returns would have been lower had certain expenses not been reduced during the periods shown. ^CCalculated based on average shares outstanding during the period. ^DFees 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. ^EAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^FExpense 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. ^GAmount represents less than \$.01 per share.

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

Financial Highlights — Service Class 2

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

^ATotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^BTotal returns would have been lower had certain expenses not been reduced during the periods shown. ^CCalculated based on average shares outstanding during the period. ^DFees 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. ^EAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^FExpense 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. ^GAmount represents less than \$.01 per share.

Financial Highlights — Service Class 2R

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

^ATotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^BTotal returns would have been lower had certain expenses not been reduced during the periods shown. ^CCalculated based on average shares outstanding during the period. ^DFees 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. ^EAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^FExpense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed or waived 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, waivers or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement and waivers 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. ^GAmount represents less than \$.01 per share.

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

Financial Highlights — Investor Class

Years ended December 31,	2009	2008	2007	2006	2005 ^H
Selected Per-Share Data					
Net asset value, beginning of period	\$ 13.15	\$ 23.85	\$ 26.15	\$ 25.48	\$ 24.46
Income from Investment Operations					
Net investment income (loss) ^E	.31	.44	.44	.42	.17
Net realized and unrealized gain (loss)	3.64	(10.63)	(.05)	4.36	.85
Total from investment operations	3.95	(10.19)	.39	4.78	1.02
Distributions from net investment income	(.33)	(.49)	(.48)	(.89)	—
Distributions from net realized gain	—	(.02)	(2.21)	(3.22)	—
Total distributions	(.33)	(.51)	(2.69)	(4.11)	—
Redemption fees added to paid in capital ^{E, J}	—	—	—	—	—
Net asset value, end of period	\$ 16.77	\$ 13.15	\$ 23.85	\$ 26.15	\$ 25.48
Total Return^{B, C, D}	30.09%	(42.71)%	1.39%	20.04%	4.17%
Ratios to Average Net Assets^{F, I}					
Expenses before reductions	.68%	.66%	.66%	.69%	.74% ^A
Expenses net of fee waivers, if any	.68%	.66%	.66%	.69%	.74% ^A
Expenses net of all reductions	.68%	.66%	.66%	.69%	.73% ^A
Net investment income (loss)	2.19%	2.28%	1.60%	1.63%	1.54% ^A
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 147,358	\$ 122,483	\$ 230,534	\$ 170,050	\$ 37,500
Portfolio turnover rate ^G	29%	34%	20%	22%	19%

^AAnnualized. ^BTotal returns for periods of less than one year are not annualized. ^CTotal returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown. ^DTotal returns would have been lower had certain expenses not been reduced during the periods shown. ^ECalculated based on average shares outstanding during the period. ^FFees 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. ^GAmount does not include the portfolio activity of any underlying Fidelity Central Funds. ^HFor the period July 21, 2005 (commencement of sale of shares) to December 31, 2005. ^IExpense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed or waived 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, waivers 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 and waivers 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. ^JAmount 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 December 31, 2009

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. In addition, the financial statements of the Fidelity Central Funds, which are not covered by the Fund's Report of Independent Registered Public Accounting Firm, 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, which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Events or transactions occurring after period end through the date that the financial statements were issued, February 12, 2010, have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

Security Valuation. Investments are valued as of 4:00 p.m. Eastern time on the last calendar day of the period. The Fund uses independent pricing services approved by the Board of Trustees to value its investments. When current market prices or quotations are not readily available or reliable, valuations may be determined in good faith in accordance with procedures adopted by the Board of Trustees. Factors used in determining value may include significant market or security specific events, changes in interest rates and credit quality. The frequency with which these procedures are used cannot be predicted and 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 December 31, 2009, 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 categorized as Level 2 in the hierarchy. For foreign equity securities, when significant market or security events arise, comparisons to the valuation of American Depository 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. For restricted 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 – continued

3. Significant Accounting Policies – continued

Security Valuation – continued

Debt securities, including restricted securities, are valued based on evaluated quotations 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 Money Market 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. 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 among each Fund in the trust. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known.

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

Income Tax Information and Distributions to Shareholders. Each year, the Fund intends to qualify as a regulated investment company by distributing substantially all of its taxable income and realized gains under Subchapter M of the Internal Revenue Code and filing its U.S. federal tax return. As a result, no provision for income taxes is required. As of December 31, 2009, the Fund did not have any unrecognized tax benefits in the accompanying financial statements. A Fund's federal tax return is subject to examination by the Internal Revenue Service (IRS) for a period of three years. Foreign taxes are provided for based on the Fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests. The Fund is subject to a tax imposed on short term capital gains on securities of certain issuers domiciled in India. The Fund records an estimated deferred tax liability included in Other payables and accrued expenses in the accompanying Statement of Assets & Liabilities for net unrealized gains on these securities in an amount that would be payable if the securities were disposed of at period end.

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

3. Significant Accounting Policies – continued

Income Tax Information and Distributions to Shareholders – continued

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 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	\$ 1,215,896,123
Gross unrealized depreciation	(1,118,688,308)
Net unrealized appreciation (depreciation)	<u>\$ 97,207,815</u>
Tax Cost	<u>\$ 5,840,661,601</u>

The tax-based components of distributable earnings as of period end were as follows:

Undistributed ordinary income	\$ 3,163,384
Capital loss carryforward	\$ (535,850,194)
Net unrealized appreciation (depreciation)	<u>\$ 97,213,332</u>

The tax character of distributions paid was as follows:

	December 31, 2009	December 31, 2008
Ordinary Income	\$ 115,095,209	\$ 186,575,269
Long-term Capital Gains	—	8,976,342
Total	<u>\$ 115,095,209</u>	<u>\$ 195,551,611</u>

Trading (Redemption) Fees. Service Class 2R 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 \$1,479,340,496 and \$2,003,896,169, 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 annual 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.

Notes to Financial Statements – continued

6. Fees and Other Transactions with Affiliates – continued

Distribution and Service Plan – continued

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	\$	389,806
Service Class 2		3,419,067
Service Class 2R		12,374
	\$	<u>3,821,247</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	\$	2,610,379
Service Class		306,488
Service Class 2		1,076,302
Service Class 2R		3,852
Investor Class		224,111
	\$	<u>4,221,132</u>

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

Brokerage Commissions. The Fund placed a portion of its portfolio transactions with brokerage firms which are affiliates of the investment adviser. The commissions paid to these affiliated firms were \$24,362 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	\$ 9,258,540	.42%	\$ 5,437

7. Committed Line of Credit.

The Fund participates with other funds managed by FMR in a \$3.5 billion credit facility (the "line of credit") to be utilized for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity purposes. The Fund has agreed to pay commitment fees on its pro-rata portion of the line of credit, which amounted to \$26,664 and is reflected in Miscellaneous Expense on the Statement of Operations. During the period, there were no borrowings on this line of credit.

8. Security Lending.

The Fund lends portfolio securities from time to time in order to earn additional income. On the settlement date of the loan, the Fund receives collateral (in the form of U.S. Treasury obligations, letters of credit and/or cash) against the loaned securities and maintains collateral in an amount not less than 100% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, a fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. Any cash collateral received is invested in the Fidelity Securities Lending Cash Central Fund. The value of loaned securities and cash collateral at period end are disclosed on the Fund's Statement of Assets and Liabilities. Security lending income represents the income earned on investing cash collateral, less fees and expenses associated with the loan, plus any premium payments that may be received on the loan of certain types of securities. Security lending income is presented in the Statement of Operations as a component of income from Fidelity Central Funds. Net income from lending portfolio securities during the period amounted to \$2,011,922.

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 \$104,263 for the period.

10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

Years ended December 31, From net investment income	2009	2008
Initial Class	\$ 75,517,681	\$ 123,156,013
Service Class	8,350,109	14,421,360
Service Class 2	28,318,758	44,390,804
Service Class 2R	96,589	178,863
Investor Class	2,812,072	4,428,229
Total	<u>\$ 115,095,209</u>	<u>\$ 186,575,269</u>
From net realized gain		
Initial Class	\$ —	\$ 5,874,187
Service Class	—	748,441
Service Class 2	—	2,153,837
Service Class 2R	—	10,338
Investor Class	—	189,539
Total	<u>\$ —</u>	<u>\$ 8,976,342</u>

11. Share Transactions.

Transactions for each class of shares were as follows:

Years ended December 31,	Shares		Dollars	
	2009	2008	2009	2008
Initial Class				
Shares sold	8,717,811	7,761,257	\$ 119,199,048	\$ 147,326,576
Reinvestment of distributions	4,649,155	9,853,413	75,517,681	129,030,200
Shares redeemed	(41,112,018)	(66,674,318)	(560,835,381)	(1,304,182,592)
Net increase (decrease)	<u>(27,745,052)</u>	<u>(49,059,648)</u>	<u>\$ (366,118,652)</u>	<u>\$ (1,027,825,816)</u>
Service Class				
Shares sold	1,374,191	1,403,882	\$ 18,756,098	\$ 26,376,852
Reinvestment of distributions	516,788	1,160,264	8,350,109	15,169,801
Shares redeemed	(7,035,493)	(10,352,999)	(95,421,754)	(200,182,896)
Net increase (decrease)	<u>(5,144,514)</u>	<u>(7,788,853)</u>	<u>\$ (68,315,547)</u>	<u>\$ (158,636,243)</u>
Service Class 2				
Shares sold	9,883,762	12,836,633	\$ 131,168,937	\$ 239,743,721
Reinvestment of distributions	1,771,906	3,603,934	28,318,758	46,544,641
Shares redeemed	(19,265,158)	(24,390,530)	(264,471,751)	(445,540,000)
Net increase (decrease)	<u>(7,609,490)</u>	<u>(7,949,963)</u>	<u>\$ (104,984,056)</u>	<u>\$ (159,251,638)</u>
Service Class 2R				
Shares sold	65,422	75,542	\$ 914,849	\$ 1,570,935
Reinvestment of distributions	6,094	14,668	96,589	189,201
Shares redeemed	(165,320)	(255,760)	(2,222,121)	(5,069,469)
Net increase (decrease)	<u>(93,804)</u>	<u>(165,550)</u>	<u>\$ (1,210,683)</u>	<u>\$ (3,309,333)</u>
Investor Class				
Shares sold	1,142,867	1,599,925	\$ 16,328,956	\$ 30,095,055
Reinvestment of distributions	173,430	354,134	2,812,072	4,617,768
Shares redeemed	(1,842,484)	(2,304,633)	(24,481,577)	(42,792,946)
Net increase (decrease)	<u>(526,187)</u>	<u>(350,574)</u>	<u>\$ (5,340,549)</u>	<u>\$ (8,080,123)</u>

12. Other.

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

At the end of the period, FMR or its affiliates were the owners of record of 11% of the total outstanding shares of the Fund and one otherwise unaffiliated shareholder was the owner of record of 19% of the total outstanding shares of the Fund.

Report of Independent Registered Public Accounting Firm

To the Trustees of Variable Insurance Products Fund and the Shareholders of VIP Equity-Income Portfolio:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of VIP Equity-Income Portfolio (a fund of Variable Insurance Products Fund) at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the VIP Equity-Income Portfolio’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 12, 2010

Trustees and Officers

The Trustees, Member of the Advisory Board, and executive officers of the trust and fund, as applicable, are listed below. The Board of Trustees governs the fund and is responsible for protecting the interests of shareholders. The Trustees are experienced executives who meet periodically throughout the year to oversee the fund's activities, review contractual arrangements with companies that provide services to the fund, and review the fund's performance. Except for James C. Curvey, each of the Trustees oversees 222 funds advised by FMR or an affiliate. Mr. Curvey oversees 410 funds advised by FMR or an affiliate.

The Trustees hold office without limit in time except that (a) any Trustee may resign; (b) any Trustee may be removed by written instrument, signed by at least two-thirds of the number of Trustees prior to such removal; (c) any Trustee who requests to be retired or who has become incapacitated by illness or injury may be retired by written instrument signed by a majority of the other Trustees; and (d) any Trustee may be removed at any special meeting of shareholders by a two-thirds vote of the outstanding voting securities of the trust. Each Trustee who is not an interested person (as defined in the 1940 Act) (Independent Trustee), shall retire not later than the last day of the calendar year in which his or her 72nd birthday occurs. The Independent Trustees may waive this mandatory retirement age policy with respect to individual Trustees. The executive officers and Advisory Board Member hold office without limit in time, except that any officer and Advisory Board Member may resign or may be removed by a vote of a majority of the Trustees at any regular meeting or any special meeting of the Trustees. Except as indicated, each individual has held the office shown or other offices in the same company for the past five years.

The fund's Statement of Additional Information (SAI) includes more information about the Trustees. To request a free copy, call Fidelity at 1-877-208-0098.

Interested Trustees*:

Correspondence intended for each Trustee who is an interested person may be sent to Fidelity Investments, 82 Devonshire Street, Boston, Massachusetts 02109.

Name, Age; Principal Occupation

Edward C. Johnson 3d (79)

Year of Election or Appointment: 1981

Mr. Johnson is Trustee and Chairman of the Board of Trustees of certain Trusts. Mr. Johnson serves as Chief Executive Officer, Chairman, and a Director of FMR LLC; Chairman and a Director of FMR; Chairman and a Director of Fidelity Research & Analysis Company (FRAC); Chairman and a Director of Fidelity Investments Money Management, Inc.; and Chairman and a Director of FMR Co., Inc. In addition, Mr. Johnson serves as Chairman and Director of FIL Limited. Previously, Mr. Johnson served as President of FMR LLC (2006-2007).

James C. Curvey (74)

Year of Election or Appointment: 2007

Mr. Curvey also serves as Trustee (2007-present) of other investment companies advised by FMR. Mr. Curvey is a Director of FMR and FMR Co., Inc. (2007-present). Mr. Curvey is also Vice Chairman (2006-present) and Director of FMR LLC. In addition, Mr. Curvey serves as an Overseer for the Boston Symphony Orchestra and a member of the Trustees of Villanova University.

* Trustees have been determined to be "Interested Trustees" by virtue of, among other things, their affiliation with the trust or various entities under common control with FMR.

Independent Trustees:

Correspondence intended for each Independent Trustee (that is, the Trustees other than the Interested Trustees) may be sent to Fidelity Investments, P.O. Box 55235, Boston, Massachusetts 02205-5235.

Name, Age; Principal Occupation

Dennis J. Dirks (61)

Year of Election or Appointment: 2005

Prior to his retirement in May 2003, Mr. Dirks was Chief Operating Officer and a member of the Board of The Depository Trust & Clearing Corporation (DTCC). He also served as President, Chief Operating Officer, and Board member of The Depository Trust Company (DTC) and President and Board member of the National Securities Clearing Corporation (NSCC). In addition, Mr. Dirks served as Chief Executive Officer and Board member of the Government Securities Clearing Corporation, Chief Executive Officer and Board member of the Mortgage-Backed Securities Clearing Corporation, as a Trustee and a member of the Finance Committee of Manhattan College (2005-2008), and as a Trustee and a member of the Finance Committee of AHRC of Nassau County (2006-2008). Currently, Mr. Dirks serves as a member of the Board of Directors for The Brookville Center for Children's Services, Inc. (2009-present).

Name, Age; Principal Occupation

Alan J. Lacy (56)

Year of Election or Appointment: 2008

Mr. Lacy serves as Senior Adviser (2007-present) of Oak Hill Capital Partners, L.P. (private equity). Mr. Lacy also served as Chief Executive Officer (2000-2005) and Vice Chairman (2005-2006) of Sears Holdings Corporation and Sears, Roebuck and Co. (retail). In addition, Mr. Lacy serves as a member of the Board of Directors of The Western Union Company (global money transfer, 2006-present) and Bristol-Myers Squibb Company (global pharmaceuticals, 2007-present). Mr. Lacy is Chairman (2008-present) and a member (2006-present) of the Board of Trustees of The National Parks Conservation Association.

Ned C. Lautenbach (65)

Year of Election or Appointment: 2000

Mr. Lautenbach is Chairman of the Independent Trustees of the Equity and High Income Funds (2006-present). Mr. Lautenbach is an Advisory Partner of Clayton, Dubilier & Rice, Inc. (private equity investment). Previously, Mr. Lautenbach was with the International Business Machines Corporation (IBM) from 1968 until his retirement in 1998. Mr. Lautenbach serves as a Director of Eaton Corporation (diversified industrial) as well as the Philharmonic Center for the Arts in Naples, Florida. Mr. Lautenbach is also a member of the Board of Trustees of Fairfield University (2005-present), as well as a member of the Council on Foreign Relations. Previously, Mr. Lautenbach served as a Director of Sony Corporation (2006-2007).

Joseph Mauriello (65)

Year of Election or Appointment: 2008

Prior to his retirement in January 2006, Mr. Mauriello served in numerous senior management positions including Deputy Chairman and Chief Operating Officer (2004-2005), and Vice Chairman of Financial Services (2002-2004) of KPMG LLP US (professional services, 1965-2005). Mr. Mauriello currently serves as a member of the Board of Directors of XL Capital Ltd. (global insurance and re-insurance, 2006-present) and of Arcadia Resources Inc. (health care services and products, 2007-present). Previously, Mr. Mauriello served as a Director of the Hamilton Funds of the Bank of New York (2006-2007).

Cornelia M. Small (65)

Year of Election or Appointment: 2005

Ms. Small is a member of the Board of Directors of the Teagle Foundation (2009-present). Ms. Small is also a member of the Investment Committee, and Chair (2008-present) and a member of the Board of Trustees of Smith College. In addition, Ms. Small serves on the Investment Committee of the Berkshire Taconic Community Foundation (2008-present). Previously, Ms. Small served as Chairperson of the Investment Committee (2002-2008) of Smith College. In addition, Ms. Small served as Chief Investment Officer, Director of Global Equity Investments, and a member of the Board of Directors of Scudder, Stevens & Clark and Scudder Kemper Investments.

William S. Stavropoulos (70)

Year of Election or Appointment: 2001

Mr. Stavropoulos serves as President and Founder of the Michigan Baseball Foundation, the Great Lakes Loons (2007-present). Mr. Stavropoulos is Chairman Emeritus of the Board of Directors of The Dow Chemical Company, where he previously served in numerous senior management positions, including President, CEO (1995-2000; 2002-2004), Chairman of the Executive Committee (2000-2006), and as a member of the Board of Directors (1990-2006). Currently, Mr. Stavropoulos is a Director of Teradata Corporation (data warehousing and technology solutions, 2008-present), Chemical Financial Corporation, Maersk Inc. (industrial conglomerate), Tyco International, Inc. (multinational manufacturing and services, 2007-present), and a member of the Advisory Board for Metalmark Capital (private equity investment, 2005-present). Mr. Stavropoulos is a special advisor to Clayton, Dubilier & Rice, Inc. (private equity investment). In addition, Mr. Stavropoulos is a member of the University of Notre Dame Advisory Council for the College of Science.

David M. Thomas (60)

Year of Election or Appointment: 2008

Previously, Mr. Thomas served as Executive Chairman (2005-2006) and Chairman and Chief Executive Officer (2000-2005) of IMS Health, Inc. (pharmaceutical and healthcare information solutions). In addition, Mr. Thomas serves as a member of the Board of Directors of Fortune Brands, Inc. (consumer products), and Interpublic Group of Companies, Inc. (marketing communication, 2004-present).

Michael E. Wiley (59)

Year of Election or Appointment: 2008

Mr. Wiley also serves as a Director of Asia Pacific Exploration Consolidated (international oil and gas exploration and production, 2008-present), and as a member of the Board of Trustees of the University of Tulsa (2000-2006; 2007-present). Mr. Wiley serves as a Director of Tesoro Corporation (independent oil refiner and marketer, 2005-present), and a Director of Bill Barrett Corporation (exploration and production, 2005-present). In addition, Mr. Wiley also serves as a Director of Post Oak Bank (privately-held bank, 2004-present). Previously, Mr. Wiley served as a Sr. Energy Advisor of Katzenbach Partners, LLC (consulting, 2006-2007), as an Advisory Director of Riverstone Holdings (private investment), Chairman, President, and CEO of Baker Hughes, Inc. (oilfield services, 2000-2004), and as Director of Spinnaker Exploration Company (exploration and production, 2001-2005).

Trustees and Officers – continued

Advisory Board Member and Executive Officers:

Correspondence intended for each executive officer and Peter S. Lynch may be sent to Fidelity Investments, 82 Devonshire Street, Boston, Massachusetts 02109.

Name, Age; Principal Occupation

Peter S. Lynch (65)

Year of Election or Appointment: 2003

Member of the Advisory Board of Fidelity's Equity and High Income Funds. Mr. Lynch is Vice Chairman and a Director of FMR and FMR Co., Inc. In addition, Mr. Lynch serves as a Trustee of Boston College and as the Chairman of the Inner-City Scholarship Fund. Previously, Mr. Lynch served on the Special Olympics International Board of Directors (1997-2006).

Kenneth B. Robins (40)

Year of Election or Appointment: 2008

President and Treasurer of Fidelity's Equity and High Income Funds. Mr. Robins also serves as Assistant Treasurer of other Fidelity funds (2009-present) and is an employee of Fidelity Investments (2004-present). Before joining Fidelity Investments, Mr. Robins worked at KPMG LLP, where he was a partner in KPMG's department of professional practice (2002-2004).

Bruce T. Herring (44)

Year of Election or Appointment: 2006

Vice President of certain Equity Funds. Mr. Herring also serves as Group Chief Investments Officer of FMR. Previously, Mr. Herring served as a portfolio manager for Fidelity U.S. Equity Funds.

Brian B. Hogan (45)

Year of Election or Appointment: 2009

Vice President of certain Equity Funds and Vice President of Sector Funds. Mr. Hogan also serves as Senior Vice President, Equity Research of FMR (2006-present) and President of FMR's Equity Division (2009-present). Previously, Mr. Hogan served as a portfolio manager.

Scott C. Goebel (41)

Year of Election or Appointment: 2008

Secretary and Chief Legal Officer (CLO) of the Fidelity funds. Mr. Goebel also serves as General Counsel, Secretary, and Senior Vice President of FMR (2008-present) and FMR Co., Inc. (2008-present); Deputy General Counsel of FMR LLC; Chief Legal Officer of Fidelity Management & Research (Hong Kong) Limited (2008-present) and Assistant Secretary of Fidelity Management & Research (Japan) Inc. (2008-present), Fidelity Investments Money Management, Inc. (2008-present), Fidelity Management & Research (U.K.) Inc. (2008-present), and Fidelity Research and Analysis Company (2008-present). Previously, Mr. Goebel served as Assistant Secretary of the Funds (2007-2008) and as Vice President and Secretary of Fidelity Distributors Corporation (FDC) (2005-2007).

William C. Coffey (40)

Year of Election or Appointment: 2009

Assistant Secretary of Fidelity's Equity and High Income Funds. Mr. Coffey also serves as Vice President and Associate General Counsel of FMR LLC (2005-present), and is an employee of Fidelity Investments.

Holly C. Laurent (55)

Year of Election or Appointment: 2008

Anti-Money Laundering (AML) Officer of the Fidelity funds. Ms. Laurent is an employee of Fidelity Investments. Previously, Ms. Laurent was Senior Vice President and Head of Legal for Fidelity Business Services India Pvt. Ltd. (2006-2008), and Senior Vice President, Deputy General Counsel and Group Head for FMR LLC (2005-2006).

Christine Reynolds (51)

Year of Election or Appointment: 2008

Chief Financial Officer of the Fidelity funds. Ms. Reynolds became President of Fidelity Pricing and Cash Management Services (FPCMS) in August 2008. Ms. Reynolds served as Chief Operating Officer of FPCMS (2007-2008). Previously, Ms. Reynolds served as President, Treasurer, and Anti-Money Laundering officer of the Fidelity funds (2004-2007).

Kenneth A. Rathgeber (62)

Year of Election or Appointment: 2004

Chief Compliance Officer of Fidelity's Equity and High Income Funds. Mr. Rathgeber is Chief Compliance Officer of Fidelity Management & Research (Hong Kong) Limited (2008-present), Fidelity Management & Research (Japan) Inc. (2008-present), FMR (2005-present), FMR Co., Inc. (2005-present), Fidelity Management & Research (U.K.) Inc. (2005-present), Fidelity Research & Analysis Company (2005-present), Fidelity Investments Money Management, Inc. (2005-present), Pyramis Global Advisors, LLC (2005-present), and Strategic Advisers, Inc. (2005-present).

Name, Age; Principal Occupation

Jeffrey S. Christian (48)

Year of Election or Appointment: 2009

Deputy Treasurer of the Fidelity funds. Mr. Christian is an employee of Fidelity Investments. Previously, Mr. Christian served as Chief Financial Officer (2008-2009) of certain Fidelity funds, Senior Vice President of Fidelity Pricing and Cash Management Services (FPCMS) (2004-2009), and as Vice President of Business Analysis (2003-2004).

Bryan A. Mehrmann (48)

Year of Election or Appointment: 2005

Deputy Treasurer of the Fidelity funds. Mr. Mehrmann is an employee of Fidelity Investments. Previously, Mr. Mehrmann served as Vice President of Fidelity Investments Institutional Services Group (FIIS)/Fidelity Investments Institutional Operations Company, Inc. (FIIOC) Client Services (1998-2004).

Adrien E. Deberghes (42)

Year of Election or Appointment: 2008

Deputy Treasurer of Fidelity's Equity and High Income Funds. Mr. Deberghes is an employee of Fidelity Investments (2008-present). Previously, Mr. Deberghes served as Senior Vice President of Mutual Fund Administration at State Street Corporation (2007-2008), Senior Director of Mutual Fund Administration at Investors Bank & Trust (2005-2007), and Director of Finance for Dunkin' Brands (2000-2005).

John R. Hebble (51)

Year of Election or Appointment: 2009

Assistant Treasurer of Fidelity's Equity and High Income Funds. Mr. Hebble also serves as President and Treasurer of other Fidelity funds (2008-present) and is an employee of Fidelity Investments.

Paul M. Murphy (62)

Year of Election or Appointment: 2007

Assistant Treasurer of the Fidelity funds. Mr. Murphy is an employee of Fidelity Investments. Previously, Mr. Murphy served as Chief Financial Officer of the Fidelity funds (2005-2006), Vice President and Associate General Counsel of FMR (2007), and Senior Vice President of Fidelity Pricing and Cash Management Services (FPCMS) (1994-2007).

Gary W. Ryan (51)

Year of Election or Appointment: 2005

Assistant Treasurer of the Fidelity funds. Mr. Ryan is an employee of Fidelity Investments. Previously, Mr. Ryan served as Vice President of Fund Reporting in Fidelity Pricing and Cash Management Services (FPCMS) (1999-2005).

Distributions (Unaudited)

Initial Class designates 2% and 100%; Service Class designates 2% and 100%; Service Class 2 designates 2% and 100%; and Investor Class designates 2% and 100% of the dividends distributed in February and December respectively, during the fiscal year as qualifying for the dividends-received deduction for corporate shareholders.

The fund will notify shareholders in January 2010 of amounts for use in preparing 2009 income tax returns.

Board Approval of Investment Advisory Contracts and Management Fees

VIP Equity-Income Portfolio

Each year, the Board of Trustees, including the Independent Trustees (together, the Board), votes on the renewal of the management contract and sub-advisory agreements (together, the Advisory Contracts) for the fund. The Board, assisted by the advice of fund counsel and Independent Trustees' counsel, requests and considers a broad range of information throughout the year.

The Board meets regularly and, acting directly and through its separate committees, requests and receives information concerning, and considers at each of its meetings factors that are relevant to, its annual consideration of the renewal of the fund's Advisory Contracts, including the services and support provided to the fund and its shareholders. The Board has established various standing committees, each composed of Independent Trustees with varying backgrounds, to which the Board has assigned specific subject matter responsibilities in order to enhance effective decision-making by the Board. Each committee has a written charter outlining the structure and purposes of the committee. The Board also meets as needed to consider matters specifically related to the Board's annual consideration of the renewal of Advisory Contracts.

At its July 2009 meeting, the Board of Trustees, including the Independent Trustees, unanimously determined to renew the fund's Advisory Contracts. In reaching its determination, the Board considered all factors it believed relevant, including (i) the nature, extent, and quality of the services to be provided to the fund and its shareholders (including the investment performance of the fund); (ii) the competitiveness of the fund's management fee and total expenses; (iii) the total costs of the services to be provided by and the profits to be realized by Fidelity from its relationship with the fund; (iv) the extent to which economies of scale would be realized as the fund grows; and (v) whether fee levels reflect these economies of scale, if any, for the benefit of fund shareholders.

In considering whether to renew the Advisory Contracts for the fund, the Board ultimately reached a determination, with the assistance of fund counsel and Independent Trustees' counsel and through the exercise of its business judgment, that the renewal of the Advisory Contracts and the compensation to be received by Fidelity under the management contract is consistent with Fidelity's fiduciary duty under applicable law. The Board's decision to renew the Advisory Contracts was not based on any single factor noted above, but rather was based on a comprehensive consideration of all the information provided to the Board at its meetings throughout the year. The Board, in reaching its determination to renew the Advisory Contracts, is aware that shareholders in the fund have a broad range of investment choices available to them, including a wide choice among mutual funds offered by competitors to Fidelity, and that the fund's shareholders, with the opportunity to review and weigh the disclosure provided by the fund in its prospectus and other public disclosures, have chosen to invest in this fund, managed by Fidelity.

Nature, Extent, and Quality of Services Provided. The Board considered staffing within the investment adviser, FMR, and the sub-advisers (together, the Investment Advisers), including the backgrounds of the fund's investment personnel and the fund's investment objective and discipline. The Independent Trustees also had discussions with senior management of Fidelity's investment operations and investment groups. The Board considered the structure of the portfolio manager compensation program and whether this structure provides appropriate incentives.

Resources Dedicated to Investment Management and Support Services. The Board reviewed the size, education, and experience of the Investment Advisers' investment staff, their use of technology, and the Investment Advisers' approach to recruiting, training, and retaining portfolio managers and other research, advisory, and management personnel. In response to last year's financial crisis, FMR took a number of actions intended to cut costs and improve efficiency without weakening the investment teams or resources. The Board noted that Fidelity's analysts have access to a variety of technological tools and market and securities data that enable them to perform both fundamental and quantitative analysis and to specialize in various disciplines. The Board considered Fidelity's extensive global research capabilities that enable the Investment Advisers to aggregate data from various sources in an effort to produce positive investment results. The Board also considered that Fidelity's portfolio managers and analysts have access to daily portfolio attribution that allows for monitoring of a fund's portfolio, as well as an electronic communication system that provides immediate real-time access to research concerning issuers and credit enhancers.

Shareholder and Administrative Services. The Board considered (i) the nature, extent, quality, and cost of advisory, administrative, distribution, and shareholder services performed by the Investment Advisers and their affiliates under the Advisory Contracts and under separate agreements covering transfer agency, pricing and bookkeeping, and securities lending services for the fund; (ii) the nature and extent of the Investment Advisers' supervision of third party service providers, principally custodians and subcustodians; and (iii) the resources devoted to, and the record of compliance with, the fund's compliance policies and procedures. The Board also reviewed the allocation of fund brokerage, including allocations to brokers affiliated with the Investment Advisers, the use of brokerage commissions to pay fund expenses, and the use of "soft" commission dollars to pay for research services.

The Board noted that the growth of fund assets across the complex allows Fidelity to reinvest in the development of services designed to enhance the value or convenience of the Fidelity funds as investment vehicles. These services include 24-hour access to account information and market information through phone representatives and over the Internet, and investor education materials and asset allocation tools.

Investment in a Large Fund Family. The Board considered the benefits to shareholders of investing in a Fidelity fund, including the benefits of investing in a fund that is part of a large family of funds offering a variety of investment disciplines and providing for a large variety of mutual fund investor services. The Board noted that Fidelity has taken a number of actions over the previous year that benefited particular funds, including (i) dedicating

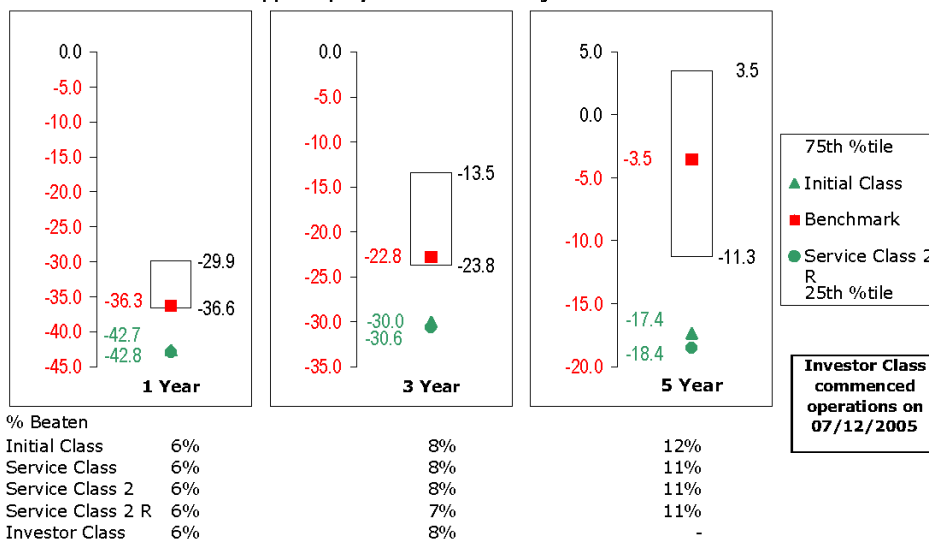
Board Approval of Investment Advisory Contracts and Management Fees – continued

additional resources to investment research and to restructure and broaden the focus of the investment research teams; (ii) bolstering the senior management team that oversees asset management; (iii) contractually agreeing to reduce the management fee on Fidelity U.S. Bond Index Fund; and (iv) expanding Class A and Class T load waiver categories to increase rollover retention opportunities and create consistent policies across the classes.

Investment Performance. The Board considered whether the fund has operated within its investment objective, as well as its record of compliance with its investment restrictions. It also reviewed the fund’s absolute investment performance for each class, as well as the fund’s relative investment performance for each class measured against (i) a broad-based securities market index, and (ii) a peer group of mutual funds deemed appropriate by the Board over multiple periods. The following charts considered by the Board show, over the one-, three-, and five-year periods ended December 31, 2008, the cumulative total returns of Initial Class and Service Class 2 R of the fund, the cumulative total returns of a broad-based securities market index (“benchmark”), and a range of cumulative total returns of a peer group of mutual funds identified by Lipper Inc. as having an investment objective similar to that of the fund. The returns of Initial Class and Service Class 2 R show the performance of the highest and lowest performing classes, respectively (based on five-year performance). The box within each chart shows the 25th percentile return (bottom of box) and the 75th percentile return (top of box) of the peer group. Returns shown above the box are in the first quartile and returns shown below the box are in the fourth quartile. The percentage beaten numbers noted below each chart correspond to the percentile box and represent the percentage of funds in the peer group whose performance was equal to or lower than that of the class indicated.

VIP Equity-Income Portfolio

2008 Total Return % vs. Lipper Equity Income Funds Objective and Russell 3000 Value:



The Board reviewed the fund’s relative investment performance against its peer group and stated that the performance of Initial Class of the fund was in the fourth quartile for all the periods shown. The Board also stated that the investment performance of the fund was lower than its benchmark for all the periods shown. The Board considered that the variations in performance among the fund’s classes reflect the variations in class expenses, which result in lower performance for higher expense classes. The Board discussed with FMR actions that have been taken by FMR to improve the fund’s disappointing performance relative to its peer group and benchmark. The Board will continue to closely monitor the performance of the fund in the coming year and discuss with FMR other appropriate actions to address the performance of the fund.

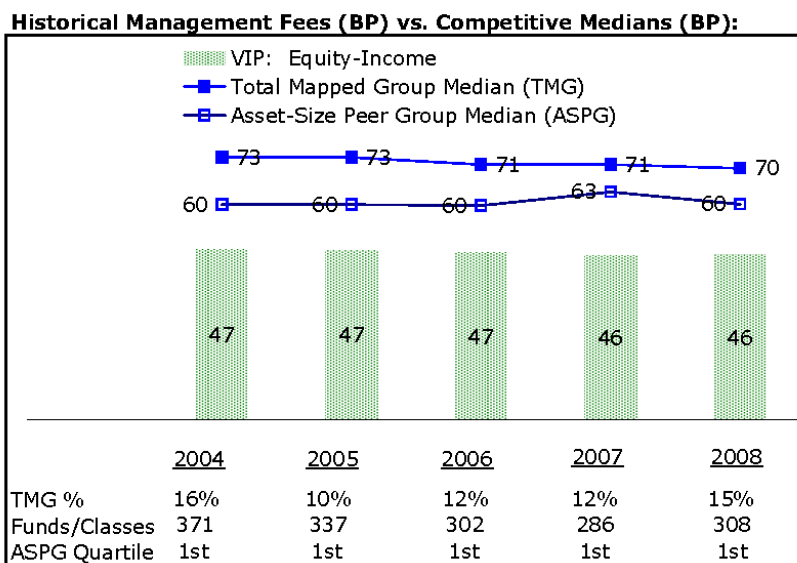
The Board considered that FMR has taken steps to refocus and strengthen equity research, equity portfolio management, and compliance. The Board reviewed the year-to-date performance of Initial Class through May 31, 2009 and stated that it exceeded the fund’s benchmark.

Based on its review, and giving particular weight to the nature and quality of the resources dedicated by the Investment Advisers to maintain and improve relative performance and factoring in the unprecedented market events in 2008, the Board concluded that the nature, extent, and quality of the services provided to the fund will benefit the fund’s shareholders, particularly in light of the Board’s view that the fund’s shareholders benefit from investing in a fund that is part of a large family of funds offering a variety of investment disciplines and services.

Competitiveness of Management Fee and Total Fund Expenses. The Board considered the fund’s management fee and total expenses compared to “mapped groups” of competitive funds and classes. Fidelity creates “mapped groups” by combining similar Lipper investment objective categories that have comparable management fee characteristics. Combining Lipper investment objective categories aids the Board’s management fee and total expense comparisons by broadening the competitive group used for comparison and by reducing the number of universes to which various Fidelity funds are compared.

The Board considered two proprietary management fee comparisons for the 12-month periods shown in the chart below. The group of Lipper funds used by the Board for management fee comparisons is referred to below as the “Total Mapped Group.” The Total Mapped Group is broader than the Lipper peer group used by the Board for performance comparisons because the Total Mapped Group combines several Lipper investment objective categories while the Lipper peer group does not. The Total Mapped Group comparison focuses on a fund’s standing relative to the total universe of comparable funds available to investors, in terms of gross management fees before expense reimbursements or caps. “TMG %” represents the percentage of funds in the Total Mapped Group that had management fees that were lower than the fund’s. For example, a TMG % of 15% means that 85% of the funds in the Total Mapped Group had higher management fees than the fund. The “Asset-Size Peer Group” (ASPG) comparison focuses on a fund’s standing relative to non-Fidelity funds similar in size to the fund within the Total Mapped Group. The ASPG represents at least 15% of the funds in the Total Mapped Group with comparable asset size and management fee characteristics, subject to a minimum of 50 funds (or all funds in the Total Mapped Group if fewer than 50). Additional information, such as the ASPG quartile in which the fund’s management fee ranked, is also included in the chart and considered by the Board.

VIP Equity-Income Portfolio



The Board noted that the fund’s management fee ranked below the median of its Total Mapped Group and below the median of its ASPG for 2008.

Based on its review, the Board concluded that the fund’s management fee was fair and reasonable in light of the services that the fund receives and the other factors considered.

In its review of each class’s total expenses, the Board considered the fund’s management fee as well as other fund or class expenses, as applicable, such as transfer agent fees, pricing and bookkeeping fees, fund-paid 12b-1 fees, and custodial, legal, and audit fees. The Board also noted the effects of any waivers and reimbursements on fees and expenses. As part of its review, the Board also considered current and historical total expenses of each class of the fund compared to competitive fund median expenses. Each class of the fund is compared to those funds and classes in the Total Mapped Group (used by the Board for management fee comparisons) that have a similar sales load structure.

The Board noted that the total expenses of each class ranked below its competitive median for 2008.

In its review of total expenses, the Board also considered Fidelity fee structures and other information on clients that FMR and its affiliates service in other competitive markets, such as other mutual funds advised or subadvised by FMR or its affiliates, pension plan clients, and other institutional clients.

Based on its review, the Board concluded that the total expenses of each class of the fund were reasonable in light of the services that the fund and its shareholders receive and the other factors considered.

Costs of the Services and Profitability. The Board considered the revenues earned and the expenses incurred by Fidelity in conducting the business of developing, marketing, distributing, managing, administering and servicing the fund and its shareholders. The Board also considered the level of Fidelity’s profits in respect of all the Fidelity funds.

On an annual basis, FMR presents to the Board Fidelity’s profitability for the fund. Fidelity calculates the profitability for each fund, as well as aggregate profitability for groups of Fidelity funds and all Fidelity funds, using a series of detailed revenue and cost allocation methodologies which originate with the audited books and records of Fidelity. The Audit Committee of the Board reviews any significant changes from the prior year’s methodologies.

Board Approval of Investment Advisory Contracts and Management Fees – continued

PricewaterhouseCoopers LLP (PwC), independent registered public accounting firm and auditor to Fidelity and certain Fidelity funds, has been engaged annually by the Board as part of the Board's assessment of Fidelity's profitability analysis. PwC's engagement includes the review and assessment of Fidelity's methodologies used in determining the revenues and expenses attributable to Fidelity's mutual fund business, and completion of agreed-upon procedures surrounding the mathematical accuracy of fund profitability and its conformity to allocation methodologies. After considering PwC's reports issued under the engagement and information provided by Fidelity, the Board believes that while other allocation methods may also be reasonable, Fidelity's profitability methodologies are reasonable in all material respects.

The Board has also reviewed Fidelity's non-fund businesses and any fall-out benefits related to the mutual fund business as well as cases where Fidelity's affiliates may benefit from or be related to the fund's business.

The Board considered the costs of the services provided by and the profits realized by Fidelity in connection with the operation of the fund and determined that the amount of profit is a fair entrepreneurial profit for the management of the fund.

Economies of Scale. The Board considered whether there have been economies of scale in respect of the management of the Fidelity funds, whether the Fidelity funds (including the fund) have appropriately benefited from any such economies of scale, and whether there is potential for realization of any further economies of scale. The Board considered the extent to which the fund will benefit from economies of scale through increased services to the fund, through waivers or reimbursements, or through fee or expense reductions.

In February 2009, the Board created an Ad Hoc Committee (the "Committee") to analyze economies of scale. The Committee was formed to consider whether FMR attains economies of scale in respect of the management and servicing of the Fidelity funds, whether the Fidelity funds have appropriately benefited from such economies of scale, and whether there is potential for realization of any further economies of scale.

The Board recognized that the fund's management contract incorporates a "group fee" structure, which provides for lower group fee rates as total fund assets under FMR's management increase, and for higher group fee rates as total fund assets under FMR's management decrease. FMR determines the group fee rates based on a tiered asset "breakpoint" schedule. The Board considered that the group fee is designed to deliver the benefits of economies of scale to fund shareholders when total fund assets increase, even if assets of any particular fund are unchanged or have declined, because some portion of Fidelity's costs are attributable to services provided to all Fidelity funds, and all funds benefit if those costs can be allocated among more assets. The Board concluded that, given the group fee structure, fund shareholders will achieve a certain level of economies of scale as assets under FMR's management increase at the fund complex level, regardless of whether Fidelity achieves any such economies of scale.

The Board concluded, considering the findings of the Committee, that any potential economies of scale are being shared between fund shareholders and Fidelity in an appropriate manner.

Additional Information Requested by the Board. In order to develop fully the factual basis for consideration of the Fidelity funds' Advisory Contracts, the Board requested and received additional information on certain topics, including (i) fund performance trends, actions to be taken by FMR to improve certain funds' overall performance and Fidelity's long-term strategies for certain funds; (ii) portfolio manager changes that have occurred during the past year; (iii) Fidelity's compensation structure for portfolio managers and key personnel, including performance benchmarks used by Fidelity in evaluating incentive compensation for portfolio managers and research analysts; (iv) the structure and process of equity research and actions taken by FMR to improve the quality of research; (v) the selection of and compensation paid by FMR to fund sub-advisers; (vi) Fidelity's fee structures and rationale for recommending different fees among categories of funds; (vii) the rationale for any differences between fund fee structures and fee structures in place for other Fidelity clients; (viii) Fidelity's rationale for recommending which funds should have a performance adjustment component as part of their management fees; and (ix) explanations for the relative total expenses borne by certain funds and classes, total expense competitive trends, and actions that might be taken by FMR to reduce total expenses for certain funds and classes.

Based on its evaluation of all of the conclusions noted above, and after considering all material factors, the Board ultimately concluded that the advisory fee structures are fair and reasonable, and that the fund's Advisory Contracts should be renewed.

Investment Adviser

Fidelity Management & Research Company
Boston, MA

Investment Sub-Advisers

FMR Co., Inc.
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Boston, MA
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