

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

FIDELITY PHILLIPS STREET TRUST

CIK:**278001** | IRS No.: **042667982** | State of Incorpor.: **MA** | Fiscal Year End: **1130**
Type: **485BPOS** | Act: **33** | File No.: **002-63350** | Film No.: **94500599**

Mailing Address
*FIDLEITY INVESTMENTS
MAILZONE DW4B
P.O. BOX 650471
DALLAS TX 75265-0471*

Business Address
*82 DEVONSHIRE ST
BOSTON MA 02109
2142816360*

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT (No. 2-63350) UNDER THE SECURITIES ACT OF 1933 []

Pre-Effective Amendment No. []

Post-Effective Amendment No. 36 [x]

and

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [x]

Amendment No. []

Fidelity Phillips Street Trust

(Exact Name of Registrant as Specified in Charter)

82 Devonshire St., Boston, Massachusetts 02109

(Address Of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number: 617-570-7000

Arthur S. Loring,, Secretary

82 Devonshire Street

Boston, Massachusetts 02109

(Name and Address of Agent for Service)

It is proposed that this filing will become effective

() Immediately upon filing pursuant to paragraph (b)

(x) On January 11, 1994 pursuant to paragraph (b) of Rule 485

() 60 days after filing pursuant to paragraph (a)

() On () pursuant to paragraph (a) of Rule 485

Registrant has filed a declaration pursuant to Rule 24f-2 under the Investment Company Act of 1940 and intends to file the Notice required by such Rule before January 30, 1994.

FIDELITY CASH RESERVES

CROSS REFERENCE SHEET

FORM N-1A

ITEM NUMBER PROSPECTUS SECTION

<TABLE>

<CAPTION>

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1.....	Cover Page
2 a.....	Expenses
b,c.....	Contents; The Fund at a Glance; Who May Want To Invest
3 a.....	Financial Highlights
b.....	*
c.....	Performance
d.....	*

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4 a(i).....	Charter
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<TABLE>

<CAPTION>

<S>

	<C>
a(ii).....	The Fund at a Glance; Investment Principles; Securities and Investment Practices
b.....	Securities and Investment Practices
c.....	Who May Want to Invest; Investment Principles; Securities and Investment Practices
5 a.....	Charter
b(i).....	Doing Business with Fidelity; Charter
b(ii).....	Charter; Breakdown of Expenses
b(iii).....	Expenses; Breakdown of Expenses; Management Fee
c.....	*
d.....	The Funds at a Glance; FMR and Its Affiliates; Other Expenses
e.....	FMR and Its Affiliates

f.....	Expenses
g.....	*
5A.....	*
6 a(i).....	Charter
a(ii).....	How to Buy Shares; How to Sell Shares; Transaction Details; Exchange Restrictions
a(iii), b, c, d.....	*
e.....	Doing Business with Fidelity; How to Buy Shares; How to Sell Shares; Investor Services
f,g.....	Dividends, Capital Gains, and Taxes
7 a.....	Charter; Cover Page
b.....	How to Buy Shares; Transaction Details
c.....	*
d.....	How to Buy Shares
e.....	*
f.....	Breakdown of Expenses
8	How to Sell Shares; Investor Services; Transaction Details; Exchange Restrictions
9	*

* Not Applicable

</TABLE>

FIDELITY CASH RESERVES
CROSS REFERENCE SHEET

<TABLE>

<CAPTION>

<S>

Part B: Statement of Additional
Information

<C>

Form N-1A Item Number	SAI Caption
10,11.....	Cover Page
12.....	*
13 a,b,c.....	Investment Policies and Limitations
d.....	*
14 a,b.....	Trustees and Officers
c.....	*
15 a,b,c.....	*
16 a(i).....	FMR
a(ii).....	Trustees and Officers
a(iii),b.....	Management Contract; Interest of FMR Affiliates
c,d,e.....	*
f.....	Distribution and Service Plan
g.....	*
h.....	Description of the Trusts

i.....	Interest of FMR Affiliates
17 a.....	Portfolio Transactions
b.....	*
c.....	Portfolio Transactions
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18 a.....	Description of the Trusts
b.....	*
19 a.....	Additional Purchase and Redemption Information
b.....	Valuation of Portfolio Securities; Additional Purchase and Redemption Information
c.....	*
20.....	Distributions and Taxes
21 a(i),(ii).....	Interest of FMR Affiliates
a(iii),b,c.....	*
22.....	Performance
23.....	Financial Statements

</TABLE>

Please read this prospectus before investing, and keep it on file for future reference. It contains important information, including how each fund invests and the services available to shareholders.

A Statement of Additional Information dated January 11, 1994 has been filed with the Securities and Exchange Commission, and is incorporated herein by reference (is legally considered a part of this prospectus). The Statement of Additional Information is available free upon request by calling Fidelity at 1-800-544-8888.

Investments in the funds are neither insured nor guaranteed by the U.S. government, and there can be no assurance that a fund will maintain a stable \$1.00 share price.

Mutual fund shares are not deposits or obligations of, or endorsed or guaranteed by, any bank, nor are they federally insured or otherwise protected by the FDIC, the Federal Reserve Board, or any other agency.

LIKE ALL MUTUAL FUNDS, THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAS-pro-194
(Registered trademark)
82 Devonshire Street, Boston, MA 02109

These money market funds seek high current income while maintaining a stable share price by investing in short-term money market securities. Cash Reserves invests in a broad range of money market securities. U.S. Government Reserves invests only in U.S. government securities or related instruments.

FIDELITY
CASH RESERVES
and
FIDELITY
U.S. GOVERNMENT
RESERVES
PROSPECTUS
JANUARY 11, 1994

KEY FACTS	4	THE FUNDS AT A GLANCE
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EXPENSES AND PERFORMANCE	5	EXPENSES Each fund's yearly operating expenses.
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	8	PERFORMANCE How each fund has done over time.
YOUR ACCOUNT	10	DOING BUSINESS WITH FIDELITY
	10	TYPES OF ACCOUNTS Different ways to set up your account, including tax-sheltered retirement plans.
	12	HOW TO BUY SHARES Opening an account and making additional investments.
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	16	INVESTOR SERVICES Services to help you manage your account.
	17	DIVIDENDS, CAPITAL GAINS, AND TAXES
SHAREHOLDER AND ACCOUNT POLICIES	19	TRANSACTION DETAILS Share price calculations and the timing of purchases and redemptions.
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THE FUNDS IN DETAIL	22	CHARTER How each fund is organized.
	22	BREAKDOWN OF EXPENSES How operating costs are calculated and what they include.
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	2 4	SECURITIES AND INVESTMENT PRACTICES

KEY FACTS

THE FUNDS AT A GLANCE

GOAL: Income while maintaining a stable share price. As with any mutual fund, there is no assurance that a fund will achieve its goal.

MANAGEMENT: Fidelity Management & Research Company (FMR) is the management arm of Fidelity Investments, which was established in 1946 and is now America's largest mutual fund manager. FMR Texas Inc. (FTX), a subsidiary of FMR, chooses investments for the funds.

Although the funds share the same goal and the same management; they follow different strategies and have different histories.

CASH RESERVES

STRATEGY. Invests in money market instruments of all types.

SIZE: As of November 30, 1993, the fund had over \$ 10.3 billion in assets.

U.S. GOVERNMENT RESERVES

STRATEGY. Invests in money market instruments issued or guaranteed by the U.S. government or government agencies.

SIZE: As of November 30, 1993, the fund had over \$ 1.1 billion in assets.

WHO MAY WANT TO INVEST

Either fund may be appropriate for investors who would like to earn income at current money market rates while preserving the value of their investment. The rate of income will vary from day to day, generally reflecting short-term interest rates.

Each fund is managed to keep its share price stable at \$1.00. Fidelity U.S.

Government Reserves offers an added measure of safety with its focus on U.S. government securities. These funds do not constitute a balanced investment plan. However, because they emphasize stability, they could be well-suited for a portion of your savings. Both funds offer free checkwriting to give you easy access to your money.

THE SPECTRUM OF FIDELITY FUNDS

Broad categories of Fidelity funds are presented here in order of ascending risk.

Generally, investors seeking to maximize return must assume greater risk. The funds in this prospectus are in the MONEY MARKET category.

(arrow) MONEY MARKET Seeks income and stability by investing in high-quality, short-term investments.

(bullet) INCOME Seeks income by investing in bonds.

(bullet) GROWTH AND INCOME Seeks long-term growth and income by investing in stocks and bonds.

(bullet) GROWTH Seeks long-term growth by investing mainly in stocks.

(checkmark)

EXPENSES AND PERFORMANCE

EXPENSES

SHAREHOLDER TRANSACTION EXPENSES are charges you pay when you buy or sell shares of the funds.

Maximum sales charge on purchases and

reinvested dividends None

Deferred sales charge on redemptions None

Exchange fee None

Wire redemption fee \$5.00

ANNUAL FUND OPERATING EXPENSES are paid out of each fund's assets. Each fund pays a management fee to FMR. Each fund also incurs other expenses for services such as maintaining shareholder records and furnishing shareholder statements and fund reports. A fund's expenses are factored into its share price or dividends and are not charged directly to shareholder accounts (see page 22).

The following are projections based on historical expenses, and are calculated as a percentage of average net assets.

CASH RESERVES

Management fee . 14%

12b-1 fee None

Other expenses .34%

TOTAL FUND OPERATING EXPENSES .48%

U.S. GOVERNMENT RESERVES

Management fee . 43%

12b-1 fee None

Other expenses .30%

Total fund operating expenses .73%

EXAMPLES: Let's say, hypothetically, that each fund's annual return is 5% and that its operating expenses are exactly as just described. For every \$1,000 you invested, here's how much you would have paid in total expenses if you closed your account after the number of years indicated:

CASH RESERVES

After 1 year \$ 5

After 3 years \$ 15

After 5 years \$ 27

After 10 years \$ 60

U.S. GOVERNMENT RESERVES

After 1 year \$ 7

After 3 years \$ 23

After 5 years \$ 41

After 10 years \$ 91

These examples illustrate the effect of expenses, but are not meant to suggest actual or expected costs or returns, all of which may vary

UNDERSTANDING

EXPENSES

Operating a mutual fund involves a variety of expenses for portfolio management, shareholder

statements, tax reporting, and other services. These costs are paid from the fund's assets; their effect is already factored into any quoted share price or return.

(checkmark)

FINANCIAL HIGHLIGHTS

The tables that follow have been audited by Coopers & Lybrand (Cash Reserves) and Price Waterhouse (U.S. Government Reserves), independent accountants. Their unqualified reports are included in each fund's Annual Report. Each fund's Annual Report is incorporated by reference into (is legally a part of) the Statement of Additional Information.

CASH RESERVES

<TABLE> <CAPTION> <S> Selected Per-Share Data and Ratios	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Year ended November 30,	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Net asset value, beginning of period	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0
Income from Investment Operations Net interest income	.098	.077	.065	.061	.069	.086	.076	.061	.038	.029
Dividends from net interest income	(.098)	(.077)	(.065)	(.061)	(.069)	(.086)	(.076)	(.061)	(.038)	(.029)
Net asset value, end of period	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0
Total return	10.23 %	8.00 %	6.70 %	6.28 %	7.16 %	8.94 %	7.87 %	6.23 %	3.90 %	2.97 %
Net assets, end of period (in millions)	\$ 4,09 5	\$ 4,08 6	\$ 5,22 0	\$ 9,28 0	\$ 10,8 85	\$ 10,8 97	\$ 10,9 21	\$ 10,5 19	\$ 10,0 40	\$ 10,3 14
Ratio of expenses to average net assets A	.86%	.82%	.75%	.70%	.65%	.74%	.69%	.58%	.48%	.48%
Ratio of net interest income to average net assets	9.81 %	7.73 %	6.39 %	6.22 %	6.95 %	8.60 %	7.62 %	6.03 %	3.86 %	2.92 %

</TABLE>

A A SPECIAL MEETING OF SHAREHOLDERS OF THE FUND WAS HELD ON NOVEMBER 17, 1993. ALL EXPENSES IN CONNECTION WITH THIS MEETING INCLUDING THE PREPARATION OF THE PROXY STATEMENT, ITS ENCLOSURES AND ALL SOLICITATIONS WERE REIMBURSED BY FMR.
U.S. GOVERNMENT RESERVES

<TABLE> <CAPTION> <S> Selected Per-Share Data and Ratios	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Year ended September 30,	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Net asset value, beginning of period	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0	\$ 1.00 0
Income from Investment Operations Net interest income	.093	.079	.067	.056	.065	.083	.076	.061	.039	.025
Dividends from net interest income	(.093)	(.079)	(.067)	(.056)	(.065)	(.083)	(.076)	(.061)	(.039)	(.025)
Net asset value, end	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

of period	0	0	0	0	0	0	0	0	0	0
Total return	9.76	8.18	6.93	5.79	6.73	8.66	7.86	6.29	3.95	2.57
	%	%	%	%	%	%	%	%	%	%
Net assets, end of period (000 omitted)	\$ 340	\$ 421	\$ 688	\$ 909	\$ 1,590	\$ 1,545	\$ 1,581	\$ 1,436	\$ 1,292	\$ 1,043
Ratio of expenses to average net assets	.77%	.77%	.80%	.81%	.75%	.80%	.74%	.72%	.73%	.73%
Ratio of net interest income to average net assets	9.36%	7.86%	6.57%	5.79%	6.52%	8.29%	7.66%	6.13%	3.88%	2.57%

</TABLE>

PERFORMANCE

Money market fund performance can be measured as TOTAL RETURN or YIELD. The total returns and yields that follow are based on historical fund results and do not reflect the effect of taxes.

Cash Reserves' fiscal year runs from December 1 through November 30. U.S. Government Reserves' fiscal year runs from October 1 through September 30.

The tables below show each fund's performance over past fiscal years compared to a measure of inflation. The charts on page 9 help you compare the yields of these funds to those of their competitors.

CASH RESERVES

Fiscal periods ended Past 1 Past 5 Past 10
November 30, 1993 year years years

Average annual

total return 2.97% 5.96% 6.81%

Cumulative

total return 2.97% 33.55% 93.21%

Consumer Price

Index 2.68% 21.20% 44.07%

U.S. GOVERNMENT RESERVES

Fiscal periods ended Past 1 Past 5 Past 10
September 30, 1993 year years years

Average annual

total return 2.57% 5.84% 6.65%

Cumulative

total return 2.57% 32.83% 90.41%

Consumer Price

Index 2.69% 21.12% 44.09%

UNDERSTANDING

PERFORMANCE

SEVEN-DAY YIELD illustrates

the income earned by a money market fund over a recent seven-day period.

TOTAL RETURN reflects both the

reinvestment of income and the change in a fund's share price. Since money market funds maintain a stable \$1.00

share price, current seven-day yields are the most common illustration of money market fund performance.

(checkmark)

EXPLANATION OF TERMS

TOTAL RETURN is the change in value of an investment in a fund over a given period, assuming reinvestment of any dividends and capital gains. A

CUMULATIVE TOTAL RETURN reflects actual performance over a stated period of time. An AVERAGE ANNUAL TOTAL RETURN is a hypothetical rate of

return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. Average annual total returns smooth out variations in performance; they are not the same as actual year-by-year results.

YIELD refers to the income generated by an investment in a fund over a given period of time, expressed as an annual percentage rate. When a yield assumes that income earned is reinvested, it is called an EFFECTIVE YIELD.

THE CONSUMER PRICE INDEX is a widely recognized measure of inflation calculated by the U.S. government.

THE COMPETITIVE FUNDS AVERAGES are the IBC/Donoghue's MONEY FUND AVERAGES (registered trademark), which assume reinvestment of distributions. Fidelity Cash Reserves compares its performance to the All Taxable category, and Fidelity U.S. Government Reserves compares to the Government category. These averages, which currently reflect the performance of over 620 and 206 mutual funds with similar objectives, respectively, are published in the MONEY FUND REPORT (Registered trademark) by IBC USA (Publications), Inc. The calendar-year average for the government category

was not calculated before 1986.
The funds' recent strategies, performance, and holdings are detailed twice
a year in financial reports, which are sent to all shareholders. For
current performance call 1-800-544-8888.

TOTAL RETURNS ARE BASED ON PAST RESULTS AND ARE NOT AN INDICATION OF FUTURE
PERFORMANCE.

CASH RESERVES

7-day yield

Percent

age %

Row: 1, Col: 1, Value: 7.48
Row: 1, Col: 2, Value: 6.99
Row: 2, Col: 1, Value: 6.99
Row: 2, Col: 2, Value: 6.49
Row: 3, Col: 1, Value: 6.42
Row: 3, Col: 2, Value: 6.22
Row: 4, Col: 1, Value: 6.23
Row: 4, Col: 2, Value: 5.9
Row: 5, Col: 1, Value: 6.03
Row: 5, Col: 2, Value: 5.68
Row: 6, Col: 1, Value: 5.92
Row: 6, Col: 2, Value: 5.63
Row: 7, Col: 1, Value: 5.83
Row: 7, Col: 2, Value: 5.59
Row: 8, Col: 1, Value: 5.67
Row: 8, Col: 2, Value: 5.45
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Row: 9, Col: 2, Value: 5.31
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Row: 12, Col: 2, Value: 4.609999999999999
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Row: 13, Col: 2, Value: 4.07
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Row: 14, Col: 2, Value: 3.85
Row: 15, Col: 1, Value: 4.109999999999999
Row: 15, Col: 2, Value: 3.78
Row: 16, Col: 1, Value: 4.03
Row: 16, Col: 2, Value: 3.66
Row: 17, Col: 1, Value: 3.76
Row: 17, Col: 2, Value: 3.53
Row: 18, Col: 1, Value: 3.72
Row: 18, Col: 2, Value: 3.5
Row: 19, Col: 1, Value: 3.53
Row: 19, Col: 2, Value: 3.19
Row: 20, Col: 1, Value: 3.35
Row: 20, Col: 2, Value: 3.07
Row: 21, Col: 1, Value: 3.23
Row: 21, Col: 2, Value: 2.91
Row: 22, Col: 1, Value: 3.17
Row: 22, Col: 2, Value: 2.78
Row: 23, Col: 1, Value: 3.18
Row: 23, Col: 2, Value: 2.78
Row: 24, Col: 1, Value: 3.32
Row: 24, Col: 2, Value: 2.9
Row: 25, Col: 1, Value: 3.22
Row: 25, Col: 2, Value: 2.81
Row: 26, Col: 1, Value: 3.1
Row: 26, Col: 2, Value: 2.73
Row: 27, Col: 1, Value: 2.99
Row: 27, Col: 2, Value: 2.7
Row: 28, Col: 1, Value: 2.93
Row: 28, Col: 2, Value: 2.65
Row: 29, Col: 1, Value: 2.88
Row: 29, Col: 2, Value: 2.63
Row: 30, Col: 1, Value: 2.88
Row: 30, Col: 2, Value: 2.67
Row: 31, Col: 1, Value: 2.88
Row: 31, Col: 2, Value: 2.68
Row: 32, Col: 1, Value: 2.85
Row: 32, Col: 2, Value: 2.68
Row: 33, Col: 1, Value: 2.83
Row: 33, Col: 2, Value: 2.68
Row: 34, Col: 1, Value: 2.84
Row: 34, Col: 2, Value: 2.67
Row: 35, Col: 1, Value: 2.91
Row: 35, Col: 2, Value: 2.73

Cash

Reserves

Competitive

funds average

1992

1991
1993

U.S. GOVERNMENT RESERVES

7-day yield

Percent

age %

Row: 1, Col: 1, Value: 6.78
Row: 1, Col: 2, Value: 6.67
Row: 2, Col: 1, Value: 6.42
Row: 2, Col: 2, Value: 6.29
Row: 3, Col: 1, Value: 6.07
Row: 3, Col: 2, Value: 6.04
Row: 4, Col: 1, Value: 5.8
Row: 4, Col: 2, Value: 5.77
Row: 5, Col: 1, Value: 5.68
Row: 5, Col: 2, Value: 5.58
Row: 6, Col: 1, Value: 5.63
Row: 6, Col: 2, Value: 5.57
Row: 7, Col: 1, Value: 5.6
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Row: 8, Col: 1, Value: 5.5
Row: 8, Col: 2, Value: 5.38
Row: 9, Col: 1, Value: 5.3599999999999999
Row: 9, Col: 2, Value: 5.22
Row: 10, Col: 1, Value: 5.09
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Row: 14, Col: 2, Value: 3.82
Row: 15, Col: 1, Value: 3.82
Row: 15, Col: 2, Value: 3.72
Row: 16, Col: 1, Value: 3.64
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Row: 18, Col: 1, Value: 3.67
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Row: 19, Col: 2, Value: 3.13
Row: 20, Col: 1, Value: 3.17
Row: 20, Col: 2, Value: 3.03
Row: 21, Col: 1, Value: 2.91
Row: 21, Col: 2, Value: 2.86
Row: 22, Col: 1, Value: 2.68
Row: 22, Col: 2, Value: 2.69
Row: 23, Col: 1, Value: 2.64
Row: 23, Col: 2, Value: 2.67
Row: 24, Col: 1, Value: 2.67
Row: 24, Col: 2, Value: 2.77
Row: 25, Col: 1, Value: 2.56
Row: 25, Col: 2, Value: 2.69
Row: 26, Col: 1, Value: 2.45
Row: 26, Col: 2, Value: 2.63
Row: 27, Col: 1, Value: 2.49
Row: 27, Col: 2, Value: 2.59
Row: 28, Col: 1, Value: 2.43
Row: 28, Col: 2, Value: 2.53
Row: 29, Col: 1, Value: 2.46
Row: 29, Col: 2, Value: 2.53
Row: 30, Col: 1, Value: 2.48
Row: 30, Col: 2, Value: 2.57
Row: 31, Col: 1, Value: 2.52
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Row: 32, Col: 2, Value: 2.58
Row: 33, Col: 1, Value: 2.89
Row: 33, Col: 2, Value: 2.57
Row: 34, Col: 1, Value: 2.84
Row: 34, Col: 2, Value: 2.55
Row: 35, Col: 1, Value: 2.93
Row: 35, Col: 2, Value: 2.62

U.S.

Government

Reserves

Competitive

funds average

1992

1991

1993

THE CHARTS SHOW THE 7-DAY EFFECTIVE YIELDS FOR THE FUNDS AND THEIR COMPETITIVE FUNDS AVERAGES AS OF THE LAST TUESDAY OF EACH MONTH FROM JANUARY 1991 THROUGH NOVEMBER 1993.

<\/r>YOUR ACCOUNT<\/r>

DOING BUSINESS WITH FIDELITY

Fidelity Investments was established in 1946 to manage one of America's first mutual funds. Today, Fidelity is the largest mutual fund company in the country, and is known as an innovative provider of high-quality financial services to individuals and institutions.

In addition to its mutual fund business, the company operates one of America's leading discount brokerage firms, Fidelity Brokerage Services, Inc. (FBSI). Fidelity is also a leader in providing tax-sheltered retirement plans for individuals investing on their own or through their employer.

Fidelity is committed to providing investors with practical information to make investment decisions. Based in Boston, Fidelity provides customers with complete service 24 hours a day, 365 days a year, through a network of telephone service centers around the country.

To reach Fidelity for general information, call these numbers:

(bullet) For mutual funds, 1-800-544-8888

(bullet) For brokerage, 1-800-544-7272

If you would prefer to speak with a representative in person, Fidelity has over 75 walk-in Investor Centers across the country.

TYPES OF ACCOUNTS

You may set up an account directly in a fund or, if you own or intend to purchase individual securities as part of your total investment portfolio, you may consider investing in a fund through a brokerage account.

If you are investing through FBSI or another financial institution or investment professional, refer to its program materials for any special provisions regarding your investment in the fund.

The different ways to set up (register) your account with Fidelity are listed at right.

The account guidelines that follow may not apply to certain retirement accounts. If your employer offers a fund through a retirement program, contact your employer for more information. Otherwise, call Fidelity directly.

FIDELITY FACTS

Fidelity offers the broadest selection of mutual funds in the world.

(bullet) Number of Fidelity mutual funds: over 200

(bullet) Assets in Fidelity mutual funds: over \$ 200 billion

(bullet) Number of shareholder accounts: over 15 million

(bullet) Number of investment analysts and portfolio managers: over 200

(checkmark)

WAYS TO SET UP YOUR ACCOUNT

INDIVIDUAL OR JOINT TENANTS

FOR YOUR GENERAL INVESTMENT NEEDS

Individual accounts are owned by one person. Joint accounts can have two or more owners (tenants).

RETIREMENT

TO SHELTER YOUR RETIREMENT SAVINGS FROM TAXES

Retirement plans allow individuals to shelter investment income and capital gains from current taxes. In addition, contributions to these accounts may be tax deductible. Retirement accounts require special applications and typically have lower minimums.

(bullet) INDIVIDUAL RETIREMENT ACCOUNTS (IRAS) allow anyone of legal age and under 70 with earned income to invest up to \$2,000 per tax year.

Individuals can also invest in a spouse's IRA if the spouse has earned income of less than \$250.

(bullet) ROLLOVER IRAS retain special tax advantages for certain distributions from employer-sponsored retirement plans.

(bullet) KEOGH OR CORPORATE PROFIT SHARING AND MONEY PURCHASE PENSION PLANS allow self-employed individuals or small business owners (and their employees) to make tax-deductible contributions for themselves and any eligible employees up to \$30,000 per year.

(bullet) SIMPLIFIED EMPLOYEE PENSION PLANS (SEP-IRAS) provide small business owners or those with self-employed income (and their eligible employees) with many of the same advantages as a Keogh, but with fewer administrative requirements.

(bullet) 403(B) CUSTODIAL ACCOUNTS are available to employees of most tax-exempt institutions, including schools, hospitals, and other charitable organizations.

(bullet) 401(K) PROGRAMS allow employees of corporations of all sizes to contribute a percentage of their wages on a tax-deferred basis. These accounts need to be established by the trustee of the plan.

GIFTS OR TRANSFERS TO A MINOR (UGMA, UTMA)

TO INVEST FOR A CHILD'S EDUCATION OR OTHER FUTURE NEEDS
These custodial accounts provide a way to give money to a child and obtain tax benefits. An individual can give up to \$10,000 a year per child without paying federal gift tax. Depending on state laws, you can set up a custodial account under the Uniform Gifts to Minors Act (UGMA) or the Uniform Transfers to Minors Act (UTMA).

TRUST
FOR MONEY BEING INVESTED BY A TRUST

The trust must be established before an account can be opened.

BUSINESS OR ORGANIZATION

FOR INVESTMENT NEEDS OF CORPORATIONS, ASSOCIATIONS, PARTNERSHIPS, OR OTHER GROUPS

Requires a special application.

HOW TO BUY SHARES

EACH FUND'S SHARE PRICE, called net asset value (NAV), is calculated every business day. The funds are managed to keep share prices stable at \$1.00. Each fund's shares are sold without a sales charge.

Shares are purchased at the next share price calculated after your investment is received and accepted. Share price is normally calculated at 4 p.m. Eastern time.

IF YOU ARE NEW TO FIDELITY, complete and sign an account application and mail it along with your check. You may also open your account in person or by wire as described on page 13. If there is no application accompanying this prospectus, call 1-800-544-8888.

IF YOU ALREADY HAVE MONEY INVESTED IN A FIDELITY FUND, you can:

- (bullet) Mail in an application with a check, or
- (bullet) Open your account by exchanging from another Fidelity fund.

IF YOU ARE INVESTING THROUGH A TAX-SHELTERED RETIREMENT PLAN, such as an IRA, for the first time, you will need a special application. Retirement investing also involves its own investment procedures. Call 1-800-544-8888 for more information and a retirement application.

If you buy shares by check or Fidelity Money Line (Registered trademark), and then sell those shares by any method other than by exchange to another Fidelity fund, the payment may be delayed for up to seven business days to ensure that your previous investment has cleared.

MINIMUM INVESTMENTS

TO OPEN AN ACCOUNT \$2,500

For Fidelity retirement accounts \$500

TO ADD TO AN ACCOUNT \$250

For Fidelity retirement accounts \$250

Through automatic investment plans \$100

MINIMUM BALANCE \$1,000

For Fidelity retirement accounts \$500

These minimums may vary for a Fidelity College Savings Plan account in Cash Reserves. Refer to the College Savings Plan brochure for details.

<TABLE>

<CAPTION>

<S>	<C>	<C>
	TO OPEN AN ACCOUNT	TO ADD TO AN ACCOUNT
PHONE 1-800-544-7777	(bullet) Exchange from another Fidelity fund account with the same registration, including name, address, and taxpayer ID number.	(bullet) Exchange from another Fidelity fund account with the same registration, including name, address, and taxpayer ID number. (bullet) Use Fidelity Money Line to transfer from your bank account. Call before your first use to verify that this service is in place on your account. Maximum Money Line: \$50,000.

</TABLE>

<TABLE>

<CAPTION>

<S>	<C>	<C>
MAIL	(bullet) Complete and sign the application. Make your check payable to the complete name of the fund of your choice. Mail to the address indicated on the application.	(bullet) Make your check payable to the complete name of the fund of your choice. Indicate your fund account number on your check. Mail to the address printed on your account statement. (bullet) Exchange by mail: call 1-800-544-6666 for instructions.

</TABLE>

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<CAPTION>

<S>	<C>	<C>
IN PERSON	(bullet) Bring your application and check to a Fidelity Investor Center. Call 1-800-544-9797 for the center nearest you.	(bullet) Bring your check to a Fidelity Investor Center. Call 1-800-544-9797 for the center nearest you.

</TABLE>

WIRE	(bullet) Call 1-800-544-7777 to set up your account and to arrange a wire transaction. Not available for retirement accounts. (bullet) Wire within 24 hours to: Bankers Trust Company, Bank Routing #021001033, Account #00163053. Specify the complete name of the fund and include your new account number and your name.	(bullet) Not available for retirement accounts. (bullet) Wire to: Bankers Trust Company, Bank Routing #021001033, Account #00163053. Specify the complete name of the fund and include your account number and your name.
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<TABLE>

<CAPTION>

<S>	<C>	<C>
AUTOMATICALLY	(bullet) Not available.	(bullet) Use Fidelity Automatic Account Builder. Sign up for this service when opening your account, or call 1-800-544-6666 to add it.

TDD - SERVICE FOR THE DEAF AND HEARING-IMPAIRED: 1-800-544-0118

</TABLE>

HOW TO SELL SHARES

You can arrange to take money out of your fund account at any time by selling (redeeming) some or all of your shares. Your shares will be sold at the next share price calculated after your order is received and accepted. Share price is normally calculated at 4 p.m. Eastern time.

TO SELL SHARES IN A NON-RETIREMENT ACCOUNT, you may use any of the methods described on these two pages.

TO SELL SHARES IN A FIDELITY RETIREMENT ACCOUNT, your request must be made in writing, except for exchanges to other Fidelity funds, which can be requested by phone or in writing. Call 1-800-544-6666 for a retirement distribution form.

IF YOU ARE SELLING SOME BUT NOT ALL OF YOUR SHARES, leave at least \$1,000 worth of shares in the account to keep it open; (\$500 for retirement accounts).

TO SELL SHARES BY BANK WIRE OR FIDELITY MONEY LINE, you will need to sign up for these services in advance.

CERTAIN REQUESTS MUST INCLUDE A SIGNATURE GUARANTEE. It is designed to protect you and Fidelity from fraud. Your request must be made in writing and include a signature guarantee if any of the following situations apply:

- (bullet) You wish to redeem more than \$100,000 worth of shares,
- (bullet) Your account registration has changed within the last 30 days,
- (bullet) The check is being mailed to a different address than the one on your account (record address),
- (bullet) The check is being made payable to someone other than the account owner, or
- (bullet) The redemption proceeds are being transferred to a Fidelity account with a different registration.

You should be able to obtain a signature guarantee from a bank, broker (including Fidelity Investor Centers), dealer, credit union (if authorized under state law), securities exchange or association, clearing agency, or savings association. A notary public cannot provide a signature guarantee.

SELLING SHARES IN WRITING

Write a "letter of instruction" with:

- (bullet) Your name,
- (bullet) The fund's name,

- (bullet) Your fund account number,
 - (bullet) The dollar amount or number of shares to be redeemed, and
 - (bullet) Any other applicable requirements listed in the table at right.
- Unless otherwise instructed, Fidelity will send a check to the record address. Deliver your letter to a Fidelity Investor Center, or mail it to:

Fidelity Investments
P.O. Box 660602
Dallas, TX 75266-0602

CHECKWRITING

If you have a checkbook for your account, you may write an unlimited number of checks. Do not, however, try to close out your account by check.

ACCOUNT TYPE SPECIAL REQUIREMENTS

<TABLE>

<CAPTION>

<S>	<C>	<C>
PHONE 1-800-544-7777	All account types except retirement All account types	(bullet) Maximum check request: \$100,000. (bullet) For Money Line transfers to your bank account; minimum: none ; maximum: \$100,000. (bullet) You may exchange to other Fidelity funds if both accounts are registered with the same name(s), address, and taxpayer ID number.
MAIL OR IN PERSON	Individual, Joint Tenant, Sole Proprietorship, UGMA, UTMA Retirement account Trust Business or Organization Executor, Administrator, Conservator, Guardian	(bullet) The letter of instruction must be signed by all persons required to sign for transactions, exactly as their names appear on the account. (bullet) The account owner should complete a retirement distribution form. Call 1-800-544-6666 to request one. (bullet) The trustee must sign the letter indicating capacity as trustee. If the trustee's name is not in the account registration, provide a copy of the trust document certified within the last 60 days. (bullet) At least one person authorized by corporate resolution to act on the account must sign the letter. (bullet) Include a corporate resolution with corporate seal or a signature guarantee. (bullet) Call 1-800-544-6666 for instructions.
WIRE	All account types except retirement	(bullet) You must sign up for the wire feature before using it. To verify that it is in place, call 1-800-544-6666. Minimum wire: \$5,000. (bullet) Your wire redemption request must be received by Fidelity before 4 p.m. Eastern time for money to be wired on the next business day. (bullet) There is a \$5.00 fee for each wire redemption, which will be deducted from the redemption amount.

</TABLE>

CHECK	All account types except retirement	(bullet) Minimum check: \$500. (bullet) All account owners must sign a signature card to receive a checkbook.
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<TABLE>

<CAPTION>

<S>	<C>	<C>
TDD - SERVICE FOR THE DEAF AND HEARING-IMPAIRED:		1-800-544-0118

</TABLE>

INVESTOR SERVICES

Fidelity provides a variety of services to help you manage your account.

INFORMATION SERVICES

FIDELITY'S TELEPHONE REPRESENTATIVES are available 24 hours a day, 365 days a year. Whenever you call, you can speak with someone equipped to provide the information or service you need.

STATEMENTS AND REPORTS that Fidelity sends to you include the following:

- (bullet) Confirmation statements (after every transaction, except reinvestments, that affects your account balance or your account registration)

- (bullet) Account statements (quarterly)

- (bullet) Financial reports (every six months)

To reduce expenses, only one copy of most financial reports will be mailed to your household, even if you have more than one account in the fund. Call 1-800-544-6666 if you need copies of financial reports or historical account information.

TRANSACTION SERVICES

EXCHANGE PRIVILEGE. You may sell your fund shares and buy shares of other Fidelity funds by telephone or in writing.

Exchanges may have tax consequences for you. For complete policies and restrictions governing exchanges, including circumstances under which a shareholder's exchange privilege may be suspended or revoked, see page

19

FIDELITY MONEY LINE (Registered trademark) enables you to transfer money by phone between your bank account and your fund account. Most transfers are complete within three business days of your call.

REGULAR INVESTMENT PLANS

Fidelity offers services that let you transfer money into your fund account, or between fund accounts, automatically. Certain restrictions apply for retirement accounts. Call 1-800-544-6666 for more information.

FIDELITY AUTOMATIC ACCOUNT BUILDERSM

TO MOVE MONEY FROM YOUR BANK ACCOUNT TO A FIDELITY FUND

MINIMUM \$100

FREQUENCY Monthly or quarterly

SETTING UP Complete the appropriate section on the fund application. For existing accounts, call 1-800-544-6666 for an application.

DIRECT DEPOSIT

TO SEND ALL OR A PORTION OF YOUR PAYCHECK OR GOVERNMENT CHECK TO A FIDELITY FUND

MINIMUM \$100

FREQUENCY Every pay period

SETTING UP Check the appropriate box on the fund application, or call 1-800-544-6666 for an authorization form.

FIDELITY AUTOMATIC EXCHANGE SERVICE

TO MOVE MONEY FROM A FIDELITY MONEY MARKET FUND TO ANOTHER FIDELITY FUND

MINIMUM \$100

FREQUENCY Monthly, bimonthly, quarterly, or annually

SETTING UP To establish, call 1-800-544-6666 after both accounts are opened.

DIVIDENDS, CAPITAL GAINS, AND TAXES

Each fund distributes substantially all of its net investment income and capital gains, if any, to shareholders each year. Income dividends are declared daily and paid monthly.

DISTRIBUTION OPTIONS

When you open an account, specify on your application how you want to receive your distributions. If the option you prefer is not listed on the application, call 1-800-544-6666 for instructions. Each fund offers three options:

1. REINVESTMENT OPTION. Your dividend and capital gain distributions, if any, will be automatically reinvested in additional shares of the fund. If you do not indicate a choice on your application, you will be assigned this option.

2. CASH OPTION. You will be sent a check for your dividend and capital gain distributions, if any.

3. DIRECTED DIVIDENDS (Registered trademark) OPTION. Your dividend and capital gain distributions, if any, will be automatically invested in another identically registered Fidelity fund.
FOR RETIREMENT ACCOUNTS, all distributions are automatically reinvested. When you are over 59 years old, you can receive distributions in cash. Dividends will be reinvested at the fund's NAV on the last day of the month. Capital gain distributions, if any, will be reinvested at the NAV as of the record date of the distribution. The mailing of distribution checks will begin within seven days.

UNDERSTANDING DISTRIBUTIONS

As a fund shareholder, you are entitled to your share of the fund's net income and gains on its investments. A fund passes its earnings along to its investors as DISTRIBUTIONS.

Each fund earns interest from its investments. These are passed along as DIVIDEND DISTRIBUTIONS. The fund may realize capital gains if it sells securities for a higher price than it paid for them. These are passed along as CAPITAL GAIN DISTRIBUTIONS. Money market funds usually don't make capital gain distributions .

(checkmark)

TAXES

As with any investment, you should consider how your investment in a fund will be taxed. If your account is not a tax-deferred retirement account, be aware of these tax implications.

Distributions are subject to federal income tax, and may also be subject to state or local taxes. If you live outside the United States, your distributions could also be taxed by the country in which you reside. Your distributions are taxable when they are paid, whether you take them in cash or reinvest them. However, distributions declared in December and paid in January are taxable as if they were paid on December 31.

For federal tax purposes, each fund's income and short-term capital gain distributions, if any, are taxed as dividends; long-term capital gain distributions, if any, are taxed as long-term capital gains. Every January, Fidelity will send you and the IRS a statement showing the taxable distributions paid to you in the previous year.

Mutual fund dividends from U.S. government securities are generally free from state and local income taxes. Some states, however, may limit this benefit. In addition, some states may impose intangible property taxes. You should consult your own tax adviser for details and up-to-date information on the tax laws in your state.

During fiscal 1993, 61% of Fidelity U.S. Government Reserve's income distributions were from U.S. government securities.

<r>SHAREHOLDER AND ACCOUNT POLICIES</r>

TRANSACTION DETAILS

THE FUNDS ARE OPEN FOR BUSINESS each day the New York Stock Exchange (NYSE) is open. Fidelity normally calculates each fund's net asset value as of the close of business of the NYSE, normally 4 p.m. Eastern time.

EACH FUND'S NAV is the value of a single share. The NAV is computed by adding the value of the fund's investments, cash, and other assets, subtracting its liabilities, and then dividing the result by the number of shares outstanding.

Like most money market funds, each fund values the securities it owns on the basis of amortized cost. This method minimizes the effect of changes in a security's market value and helps each fund to maintain a stable \$1.00 share price.

EACH FUND'S OFFERING PRICE (price to buy one share) and REDEMPTION PRICE (price to sell one share) are its NAV.

WHEN YOU SIGN YOUR ACCOUNT APPLICATION, you will be asked to certify that your Social Security or taxpayer identification number is correct and that you are not subject to 31% backup withholding for failing to report income to the IRS. If you violate IRS regulations, the IRS can require a fund to withhold 31% of your taxable distributions and redemptions.

YOU MAY INITIATE MANY TRANSACTIONS BY TELEPHONE. Note that Fidelity will not be responsible for any losses resulting from unauthorized transactions if it follows reasonable procedures designed to verify the identity of the caller. Fidelity will request personalized security codes or other information, and may also record calls. You should verify the accuracy of your confirmation statements immediately after you receive them. If you do not want the ability to redeem and exchange by telephone, call Fidelity for instructions.

IF YOU ARE UNABLE TO REACH FIDELITY BY PHONE (for example, during periods

of unusual market activity), consider placing your order by mail or by visiting a Fidelity Investor Center.

EACH FUND RESERVES THE RIGHT TO SUSPEND THE OFFERING OF SHARES for a period of time. Each fund also reserves the right to reject any specific purchase order, including certain purchases by exchange. See "Exchange Restrictions" on page 20 . Purchase orders may be refused if, in FMR's opinion, they are of a size that would disrupt management of a fund.

WHEN YOU PLACE AN ORDER TO BUY SHARES, your order will be processed at the next offering price calculated after your order is received and accepted.

Note the following:

- (bullet) All of your purchases must be made in U.S. dollars and checks must be drawn on U.S. banks.

- (bullet) Fidelity does not accept cash.

- (bullet) When making a purchase with more than one check, each check must have a value of at least \$50.

- (bullet) Each fund reserves the right to limit the number of checks processed at one time.

- (bullet) If your check does not clear, your purchase will be cancelled and you could be liable for any losses or fees a fund or its transfer agent has incurred.

- (bullet) You begin to earn dividends as of the first business day following the day of your purchase.

TO AVOID THE COLLECTION PERIOD associated with check and Money Line purchases, consider buying shares by bank wire, U.S. Postal money order, U.S. Treasury check, Federal Reserve check, or direct deposit instead. YOU MAY BUY OR SELL SHARES OF THE FUNDS THROUGH A BROKER, who may charge you a fee for this service. If you invest through a broker or other institution, read its program materials for any additional service features or fees that may apply.

WHEN YOU PLACE AN ORDER TO SELL SHARES, your shares will be sold at the next NAV calculated after your request is received and accepted. Note the following:

- (bullet) Normally, redemption proceeds will be mailed to you on the next business day, but if making immediate payment could adversely affect a fund, it may take up to seven days to pay you.

- (bullet) Shares will earn dividends through the date of redemption; however, shares redeemed on a Friday or prior to a holiday will continue to earn dividends until the next business day.

- (bullet) Fidelity Money Line redemptions generally will be credited to your bank account on the second or third business day after your phone call.

- (bullet) Each fund may hold payment on redemptions until it is reasonably satisfied that investments made by check or Fidelity Money Line have been collected, which can take up to seven business days.

- (bullet) Redemptions may be suspended or payment dates postponed when the NYSE is closed (other than weekends or holidays), when trading on the NYSE is restricted, or as permitted by the SEC.

- (bullet) If you sell shares by writing a check and the amount of the check is greater than the value of your account, your check will be returned to you and you may be subject to additional charges.

IF YOUR ACCOUNT BALANCE FALLS BELOW \$1,000 , you will be given 30 days' notice to reestablish the minimum balance. If you do not increase your balance, Fidelity reserves the right to close your account and send the proceeds to you. Your shares will be redeemed at the NAV on the day your account is closed.

FIDELITY MAY CHARGE A FEE FOR SPECIAL SERVICES, such as providing historical account documents, that are beyond the normal scope of its services.

Fidelity Distributors Corporation (FDC) may, at its own expense, provide promotional incentives to qualified recipients who support the sale of shares of the funds without reimbursement from the funds. Qualified recipients are securities dealers who have sold fund shares or others, including banks and other financial institutions, under special arrangements in connection with FDC's sales activities. In some instances, these incentives may be offered only to certain institutions whose representatives provide services in connection with the sale or expected sale of significant amounts of shares.

E EXCHANGE RESTRICTIONS

As a shareholder, you have the privilege of exchanging shares of a fund for shares of other Fidelity funds. However, you should note the following:

- (bullet) The fund you are exchanging into must be registered for sale in your state.

- (bullet) You may only exchange between accounts that are registered in the same name, address, and taxpayer identification number.

- (bullet) Before exchanging into a fund, read its prospectus.

- (bullet) If you exchange into a fund with a sales charge, you pay the percentage-point difference between that fund's sales charge and any sales charge you have previously paid in connection with the shares you are exchanging. For example, if you had already paid a sales charge of 2% on your shares and you exchange them into a fund with a 3% sales charge, you would pay an additional 1% sales charge.

- (bullet) Exchanges may have tax consequences for you.

- (bullet) Each fund reserves the right to refuse exchange purchases by any person or group if, in FMR's judgment, the fund would be unable to invest the money effectively in accordance with its investment objective and

policies, or would otherwise potentially be adversely affected.
(bullet) Your exchanges may be restricted or refused if a fund receives or anticipates simultaneous orders affecting significant portions of the fund's assets. In particular, a pattern of exchanges that coincide with a "market timing" strategy may be disruptive to a fund.
Although the funds will attempt to give you prior notice whenever they are reasonably able to do so, they may impose these restrictions at any time. The funds reserve the right to terminate or modify the exchange privilege in the future.

OTHER FUNDS MAY HAVE DIFFERENT EXCHANGE RESTRICTIONS, and may impose administrative fees of up to \$7.50 and redemption fees of up to 1.50% on exchanges. Check each fund's prospectus for details.

<
r>THE FUNDS IN DETAIL</r>

CHARTER

EACH FUND IS A MUTUAL FUND: an investment that pools shareholders' money and invests it toward a specified goal. In technical terms, Fidelity Cash Reserves is currently a diversified fund of Fidelity Phillips Street Trust, and Fidelity U.S. Government Reserves is currently a diversified fund of Fidelity Charles Street Trust. Both trusts are open-end management investment companies. Fidelity Phillips Street Trust was organized as a Delaware business trust on September 17, 1992. Fidelity Charles Street Trust was organized as a Massachusetts business trust on July 7, 1981. There is a remote possibility that one fund might become liable for a misstatement in the prospectus about another fund.

EACH FUND IS GOVERNED BY A BOARD OF TRUSTEES, which is responsible for protecting the interests of shareholders. The trustees are experienced executives who meet throughout the year to oversee the funds' activities, review contractual arrangements with companies that provide services to the funds, and review performance. The majority of trustees are not otherwise affiliated with Fidelity.

THE FUNDS MAY HOLD SPECIAL MEETINGS AND MAIL PROXY MATERIALS. These meetings may be called to elect or remove trustees, change fundamental policies, approve a management contract, or for other purposes. Shareholders not attending these meetings are encouraged to vote by proxy. Fidelity will mail proxy materials in advance, including a voting card and information about the proposals to be voted on. As a shareholder of Cash Reserves, the number of votes you are entitled to is based upon the dollar value of your investment. As a shareholder of U.S. Government Reserves, you are entitled to one vote for each share you own.

FMR AND ITS AFFILIATES

The funds are managed by FMR, which handles their business affairs. FTX has primary responsibility for providing investment management services. FDC distributes and markets Fidelity's funds and services. Fidelity Service Co. (FSC) performs transfer agent servicing functions for the funds. FMR Corp. is the parent company of these organizations. Through ownership of voting common stock, Edward C. Johnson 3d (President and a trustee of the trusts), Johnson family members, and various trusts for the benefit of the Johnson family form a controlling group with respect to FMR Corp.

To carry out the funds' transactions, FMR may use its broker-dealer affiliates and other firms that sell fund shares, provided that a fund receives services and commission rates comparable to those of other broker-dealers.

BREAKDOWN OF EXPENSES

Like all mutual funds, the funds pay fees related to their daily operations. Expenses paid out of a fund's assets are reflected in its share price or dividends; they are neither billed directly to shareholders nor deducted from shareholder accounts.

Each fund pays a MANAGEMENT FEE to FMR for managing its investments and business affairs. FMR in turn pays fees to an affiliate who provides assistance with these services. Each fund also pays OTHER EXPENSES, which are explained below.

FMR may, from time to time, agree to reimburse the funds for management fees and other expenses above a specified limit. FMR retains the ability to be repaid by a fund if expenses fall below the specified limit prior to the end of the fiscal year. Reimbursement arrangements, which may be terminated at any time without notice, can decrease a fund's expenses and boost its performance.

MANAGEMENT FEE

The management fee is calculated and paid to FMR every month.

EACH FUND'S management fee is calculated by multiplying the sum of three components by the fund's average net assets. One component is based on the average net assets of all the mutual funds advised by FMR, another is fixed for the fund, and the third is based on the fund's income. The first component, the group fee rate, cannot rise above .37%, and it drops as total assets under management increase. For September and November 1993, the group fee rates were .1638% and .1627%, respectively. The second component, the individual fund fee rate, is .03%. The income component is 6% of the fund's gross income in excess of a 5% yield.

For Cash Reserves, the total management fee for fiscal 1993 was .14%.

For U.S. Government Reserves, the total management fee for fiscal

1993 was .43 %.

On September 1, 1993, FMR voluntarily adopted the above mentioned management fee structure. Prior to that date, U.S. Government Reserves' management fee was calculated by adding a group fee rate to an individual fund fee rate (.28%) and multiplying the result by the fund's average net assets.

FMR HAS SUB-ADVISORY AGREEMENTS with FTX, which has primary responsibility for providing investment management, while FMR retains responsibility for providing other management services. FMR pays FTX 50% of its management fee (before expense reimbursements) for these services. FMR paid FTX

.07 % of Fidelity Cash Reserves' and .21 % of Fidelity U.S. Government Reserves' average net assets for fiscal 1993.

OTHER EXPENSES

While the management fee is a significant component of the funds' annual operating costs, the funds have other expenses as well.

The funds contract with FSC to perform many transaction and accounting functions. These services include processing shareholder transactions, valuing each fund's investments, and handling securities loans. In fiscal 1993, Fidelity Cash Reserves and Fidelity U.S. Government Reserves paid FSC fees equal to .33 % and .27 %, respectively, of average net assets.

The funds also pay other expenses, such as legal, audit, and custodian fees; proxy solicitation costs; and the compensation of trustees who are not affiliated with Fidelity.

Each fund has adopted a Distribution and Service Plan. These plans recognize that FMR may use its resources, including management fees, to pay expenses associated with the sale of fund shares. This may include payments to third parties, such as banks or broker-dealers, that provide shareholder support services or engage in the sale of the fund's shares. It is important to note, however, that the funds do not pay FMR any separate fees for this service.

INVESTMENT PRINCIPLES

Both Cash Reserves and U.S. Government Reserves are money market funds; they seek to earn a high level of current income while maintaining a stable \$1.00 share price. As a result, your investment earns income at current money market rates, and when you sell your shares, they should be worth the same amount as when you bought them. Of course, there is no guarantee that either fund will maintain a stable \$1.00 share price.

The funds invest in short term, high-quality money market instruments of different types. Cash Reserves buys U.S. dollar-denominated instruments of U.S. and foreign issuers, including banks and other financial institutions, governments and their agencies and instrumentalities, and corporations.

U.S. Government Reserves invests only in obligations issued or guaranteed as to principal and interest by the United States government or by any of its agencies or instrumentalities; in repurchase agreements secured by these obligations; and in reverse repurchase agreements.

Thus, Cash Reserves has the flexibility to invest more broadly in pursuit of a high level of current income, while U.S. Government Reserves offers the added safety of investments in U.S. government and agency obligations. Each fund stresses income, preservation of capital, and liquidity, and does not seek the higher yields or capital appreciation that more aggressive investments may provide. Each fund's yield will vary from day to day, generally reflecting current short-term interest rates and other market conditions.

The funds follow industry-standard guidelines on the quality and maturity of their investments, which are designed to help maintain a stable \$1.00 share price. The funds will purchase only high-quality securities that FMR believes present minimal credit risks and will observe maturity restrictions on securities they buy. In general, securities with longer maturities are more vulnerable to price changes, although they may provide higher yields. It is possible that a major change in interest rates or a default on the funds' investments could cause their share prices (and the value of your investment) to change.

SECURITIES AND INVESTMENT PRACTICES

The following pages contain more detailed information about types of instruments in which the funds may invest, and strategies FMR may employ in pursuit of the funds' investment objectives. A summary of risks and restrictions associated with these instrument types and investment practices is included as well. Policies and limitations are considered at the time of purchase; the sale of instruments is not required in the event of a subsequent change in circumstances.

FMR may not buy all of these instruments or use all of these techniques to the full extent permitted unless it believes that doing so will help the funds achieve their goals. As a shareholder, you will receive financial reports every six months detailing fund holdings and describing recent investment activities.

U.S. GOVERNMENT SECURITIES are high-quality debt securities issued or guaranteed by the U.S. Treasury or by an agency or instrumentality of the U.S. government. Not all U.S. government securities are backed by the full faith and credit of the United States. For example, securities issued by the Federal Farm Credit Bank or by the Federal National Mortgage Association are supported by the instrumentality's right to borrow money from the U.S. Treasury under certain circumstances. However, securities issued by the Financing Corporation are supported only by the credit of the entity that issued them.

FOREIGN OBLIGATIONS, including obligations of foreign banks, U.S. branches and agencies of foreign banks, and foreign branches of U.S. banks, may involve different risks than domestic obligations, including risks relating to the political and economic conditions of the foreign country involved, which could affect the payment of principal or interest.

RESTRICTIONS: U.S. Government Reserves may not invest in foreign obligations.

ASSET-BACKED SECURITIES may include pools of mortgages, loans, receivables or other assets. Payment of principal and interest may be largely dependent upon the cash flows generated by the assets backing the securities.

OTHER MONEY MARKET INSTRUMENTS may include commercial paper, certificates of deposit, bankers' acceptances, time deposits, asset-backed securities, and short-term corporate obligations. These instruments may carry fixed or variable interest rates.

RESTRICTIONS: U.S. Government Reserves may not invest in non-government obligations.

STRIPPED SECURITIES are the separate income or principal components of a debt instrument. These involve risks that are similar to those of other debt securities, although they may be more volatile.

WHEN-ISSUED AND DELAYED-DELIVERY TRANSACTIONS are trading practices in which payment and delivery for the securities take place at a future date. The market value of a security could change during this period, which could affect the market value of a fund's assets.

REPURCHASE AGREEMENTS. In a repurchase agreement, a fund buys a security at one price and simultaneously agrees to sell it back at a higher price. Delays or losses could result if the other party to the agreement defaults or becomes insolvent.

REVERSE REPURCHASE AGREEMENTS. In a reverse repurchase agreement, a fund temporarily transfers possession of a portfolio instrument to another party in return for cash. This could increase the risk of fluctuation in a fund's yield or in the market value of its assets.

ILLIQUID AND RESTRICTED SECURITIES. Some investments may be determined by FMR, under the supervision of the Board of Trustees, to be illiquid, which means that they may be difficult to sell promptly at an acceptable price. The sale of other securities may be subject to legal restrictions. Difficulty in selling securities may result in a loss or may be costly to a fund.

RESTRICTIONS: A fund may not purchase a security if, as a result, more than 10% of its assets would be invested in illiquid securities.

DIVERSIFICATION. Diversifying a fund's investment portfolio can reduce the risks of investing. This may include limiting the amount of money invested in any one issuer or, on a broader scale, in any one industry.

RESTRICTIONS: Neither fund may invest more than 5% of its total assets in the securities of any one issuer, except that Cash Reserves may invest up to 10% of its assets in the highest - quality securities of a single issuer for up to three days. A fund may not invest more than 25% of its total assets in any one industry (other than the financial services industry for Cash Reserves ; see below). These limitations do not apply to U.S. government securities.

FINANCIAL SERVICES INDUSTRY. Companies in the financial services industry are subject to various risks related to that industry, such as government regulation, changes in interest rates, and exposure on loans, including loans to foreign borrowers. If a fund invests substantially in this industry, its performance may be affected by conditions affecting the industry.

RESTRICTIONS: Cash Reserves will invest more than 25% of its total assets in the financial services industry.

BORROWING. A fund may borrow from banks or from other funds advised by FMR, or through reverse repurchase agreements , and may make additional investments while borrowings are outstanding .

RESTRICTIONS: A fund may borrow only for temporary or emergency purposes, but not in an amount exceeding 33% of its total assets .

LENDING. Lending securities to broker-dealers and institutions, including FBSI, an affiliate of FMR, is a means of earning income. This practice could result in a loss or a delay in recovering a fund's securities. Cash Reserves may also lend money to other funds advised by FMR.

RESTRICTIONS. Loans, in the aggregate, may not exceed 33% of a fund's total assets.

FUNDAMENTAL INVESTMENT POLICIES AND RESTRICTIONS

Some of the policies and restrictions discussed on the preceding pages are fundamental, that is, subject to change only by shareholder approval. The following paragraphs restate all those that are fundamental. All policies stated throughout this prospectus, other than those identified in the following paragraphs, can be changed without shareholder approval.

CASH RESERVES seeks as high a level of current income as is consistent with preservation of capital and liquidity by investing in money market instruments. The fund will not purchase a security if, as a result, more than 25% of its total assets would be invested in a particular industry; except that the fund will invest more than 25% of its total assets in the financial services industry.

U.S. GOVERNMENT RESERVES seeks as high a level of current income as is consistent with the security of principal and liquidity. The fund may

engage in repurchase agreements secured by obligations issued or guaranteed as to principal and interest by the United States government or by any of its agencies or instrumentalities. The fund will not purchase a security if, as a result, more than 5% of its total assets would be invested in the securities of a single issuer other than the U.S. government or its agencies and instrumentalities. The fund will not purchase a security if, as a result, more than 25% of its total assets would be invested in a particular industry.

EACH FUND may borrow money only for temporary or emergency purposes or engage in reverse repurchase agreements, but not in an amount exceeding 33% of the fund's total assets. Loans, in the aggregate, will be limited to 33% of total assets.

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FIDELITY CASH RESERVES

A FUND OF FIDELITY PHILLIPS STREET TRUST

FIDELITY U.S. GOVERNMENT RESERVES

A FUND OF FIDELITY CHARLES STREET TRUST

STATEMENT OF ADDITIONAL INFORMATION

JANUARY 11, 1994

This Statement is not a prospectus but should be read in conjunction with the funds' current Prospectus (dated January 11, 1994). Please retain this document for future reference. The Annual Report of Fidelity Cash Reserves for the fiscal year ended November 30, 1993 and the Annual Report of Fidelity U.S. Government Reserves for the fiscal year ended September 30, 1993, are incorporated herein by reference. To obtain additional copies of the Prospectus or an Annual Report, please call Fidelity Distributors Corporation at 1-800-544-8888.

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INVESTMENT ADVISER

Fidelity Management & Research Company (FMR)

INVESTMENT SUB-ADVISER

FMR Texas Inc. (FTX)

DISTRIBUTOR

Fidelity Distributors Corporation (FDC)

TRANSFER AGENT

Fidelity Service Co. (FSC)

CAS-ptb-194

INVESTMENT POLICIES AND LIMITATIONS

The following policies and limitations supplement those set forth in the Prospectus. Unless otherwise noted, whenever an investment policy or limitation states a maximum percentage of a fund's assets that may be invested in any security or other asset, or sets forth a policy regarding quality standards, such standard or percentage limitation will be determined immediately after and as a result of the fund's acquisition of such security or other asset. Accordingly, any subsequent change in values, net assets, or other circumstances will not be considered when determining whether the investment complies with the fund's investment policies and limitations.

Each fund's fundamental investment policies and limitations cannot be changed without approval by a "majority of the outstanding voting securities" (as defined in the Investment Company Act of 1940) of the fund. However, except for the fundamental investment limitations set forth below, the investment policies and limitations described in this Statement of Additional Information are not fundamental and may be changed without shareholder approval.

INVESTMENT LIMITATIONS OF FIDELITY CASH RESERVES

THE FOLLOWING ARE THE FUND'S FUNDAMENTAL INVESTMENT LIMITATIONS SET FORTH IN THEIR ENTIRETY. THE FUND MAY NOT:

(1) purchase the securities of any issuer (other than obligations issued or guaranteed as to principal and interest by the United States government, its agencies or instrumentalities) if, as a result, more than 5% of its total assets would be invested in the securities of such issuer, provided however, that with respect to 25% of its total assets, 10% of its total assets may be invested in the securities of any single issuer;

(2) issue senior securities, except as permitted under the Investment Company Act of 1940;

(3) purchase securities on margin (but the fund may obtain such credits as may be necessary for the clearance of purchases and sales of securities);

(4) borrow money, except that the fund may (i) borrow money for temporary or emergency purposes (not for leveraging or investment) and (ii) engage in reverse repurchase agreements for any purpose; provided that (i) and (ii) in combination do not exceed 33 1/3% of the fund's total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed this amount will be reduced within three days (not including Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation;

(5) act as an underwriter (except as it may be deemed such in a sale of restricted securities);

(6) purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities) if, as a result, more than 25% of the fund's total assets would be invested in the securities of companies whose principal business activities in the same industry, except that the fund will invest more than 25% of its total assets in the financial services industry;

(7) purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the fund from investing in securities or other instruments backed by real estate or securities of companies engaged in the real estate business);

(8) buy or sell commodities or commodity (futures) contracts;

(9) lend any security or make any other loan if, as a result, more than 33 1/3% of its total assets would be lent to other parties, but this limit does not apply to purchases of debt securities or to repurchase agreements;

(10) invest in oil, gas, or other mineral exploration or development programs; or

(11) invest in companies for the purpose of exercising control or management.

(12) The fund may, notwithstanding any other fundamental investment policy or limitation, invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objectives, policies, and limitations as the fund. THE FOLLOWING INVESTMENT LIMITATIONS ARE NOT FUNDAMENTAL, AND MAY BE CHANGED WITHOUT SHAREHOLDER APPROVAL.

(i) The fund does not currently intend to purchase a security (other than a security issued or guaranteed by the U.S. government or any of its agencies or instrumentalities) if, as a result, more than 5% of its total assets would be invested in the securities of a single issuer; provided that the fund may invest up to 10% of its total assets in the first tier securities of a single issuer for up to three business days.

(ii) The fund does not currently intend to sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, and provided that transactions in futures contracts and options are not deemed to constitute selling securities short.

(iii) The fund may borrow money only (a) from a bank or from a registered investment company or portfolio for which FMR or an affiliate serves as investment adviser or (b) by engaging in reverse repurchase agreements with any party. The fund will not purchase any security while borrowings (excluding reverse repurchase agreements) representing more than 5% of its total assets are outstanding. The fund will not borrow from other funds advised by FMR or its affiliates if total outstanding borrowings immediately after such borrowing would exceed 15% of the fund's total assets.

(iv) The fund does not currently intend to purchase any security if, as a result, more than 10% of its net assets would be invested in securities that are deemed to be illiquid because they are subject to legal or contractual restrictions on resale or because they cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued.

(v) The fund does not currently intend to purchase or sell call options. This limitation does not apply to options attached to, or acquired or traded together with, their underlying securities, and does not apply to securities that incorporate features similar to options.

(vi) The fund does not currently intend to lend assets other than securities to other parties, except by lending money (up to 10% of the fund's net assets) to a registered investment company or portfolio for which FMR or an affiliate serves as investment adviser. (This limitation does not apply to purchases of debt securities or to repurchase agreements.)

(vii) The fund does not currently intend to (a) purchase securities of other investment companies, except in the open market where no commission except the ordinary broker's commission is paid, or (b) purchase or retain securities issued by other open-end investment companies. Limitations (a) and (b) do not apply to securities received as dividends, through offers of exchange, or as a result of a reorganization, consolidation, or merger.

(viii) The fund does not currently intend to purchase the securities of any issuer (other than securities issued or guaranteed by domestic or foreign governments or political subdivisions thereof) if, as a result, more than 5% of its total assets would be invested in the securities of business enterprises that, including predecessors, have a record of less than three

years of continuous operations.

(ix) The fund does not currently intend to purchase the securities of any issuer if those officers and Trustees of the trust and those officers and directors of FMR who individually own more than 1/2 of 1% of the securities of such issuer together own more than 5% of such issuer's securities.

(x) The fund does not currently intend to invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objectives, policies, and limitations as the fund.

For the fund's limitations on quality and maturity, see the section entitled "Quality and Maturity" on page 5.

INVESTMENT LIMITATIONS OF FIDELITY U.S. GOVERNMENT RESERVES

THE FOLLOWING ARE THE FUND'S FUNDAMENTAL INVESTMENT LIMITATIONS SET FORTH IN THEIR ENTIRETY. THE FUND MAY NOT:

(1) purchase the securities of any issuer (other than obligations issued or guaranteed as to principal and interest by the government of the United States, its agencies or instrumentalities) if, as a result, more than 5% of its total assets would be invested in the securities of such issuer;

(2) issue senior securities, except as permitted under the Investment Company Act of 1940;

(3) purchase securities on margin (but the fund may obtain such credits as may be necessary for the clearance of purchases and sales of securities);

(4) borrow money, except that the fund may (i) borrow money for temporary or emergency purposes (not for leveraging or investment) and (ii) engage in reverse repurchase agreements for any purpose; provided that (i) and (ii) in combination do not exceed 33 1/3% of the fund's total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed this amount will be reduced within three days (not including Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation;

(5) act as an underwriter (except as it may be deemed such in a sale of restricted securities);

(6) purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities) if, as a result, more than 25% of the fund's total assets would be invested in the securities of companies whose principal business activities are in the same industry;

(7) purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the fund from investing in securities or other instruments backed by real estate or securities of companies engaged in the real estate business);

(8) buy or sell commodities or commodity (futures) contracts;

(9) lend any security or make any other loan if, as a result, more than 33 1/3% of its total assets would be lent to other parties, but this limitation does not apply to purchases of debt securities or to repurchase agreements;

(10) invest in oil, gas, or other mineral exploration or developmental programs;

(11) write or purchase any put or call option; or

(12) invest in companies for the purpose of exercising control or management.

THE FOLLOWING INVESTMENT LIMITATIONS ARE NOT FUNDAMENTAL, AND MAY BE CHANGED WITHOUT SHAREHOLDER APPROVAL.

(i) The fund does not currently intend to purchase the voting securities of any issuer.

(ii) The fund does not currently intend to sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, and provided that transactions in futures contracts and options are not deemed to constitute selling securities short.

(iii) The fund may borrow money only (a) from a bank or from a registered investment company or portfolio for which FMR or an affiliate serves as investment adviser or (b) by engaging in reverse repurchase agreements with any party. The fund will not purchase any security while borrowings (excluding reverse repurchase agreements) representing more than 5% of its total assets are outstanding. The fund will not borrow from other funds advised by FMR or its affiliates if total outstanding borrowings immediately after such borrowing would exceed 15% of the fund's total assets.

(iv) The fund does not currently intend to purchase any security if, as a result, more than 10% of its net assets would be invested in securities that are deemed to be illiquid because they are subject to legal or contractual restrictions on resale or because they cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued.

(v) The fund does not currently intend to make loans, but this limitation does not apply to purchases of debt securities or to repurchase agreements.

(vi) The fund does not currently intend to (a) purchase securities of other investment companies, except in the open market where no commission except the ordinary broker's commission is paid, or (b) purchase or retain securities issued by other open-end investment companies. Limitations (a) and (b) do not apply to securities received as dividends, through offers of exchange, or as a result of reorganization, consolidation, or merger.

(vii) The fund does not currently intend to purchase the securities of any issuer (other than securities issued or guaranteed by domestic foreign

governments or political subdivisions thereof) if, as a result, more than 5% of its total assets would be invested in the securities of business enterprises that, including predecessors, have a record of less than three years of continuous operation.

(viii) The fund does not currently intend to purchase the securities of any issuer if those officers and Trustees of the trust and those officers and directors of FMR who individually own more than 1/2 of 1% of the securities of such issuer together own more than 5% of such issuer's securities. For the fund's limitations on quality and maturity, see the section below entitled "Quality and Maturity."

INVESTMENT POLICIES OF FIDELITY CASH RESERVES ONLY:

Investments may be made in U.S. dollar-denominated time deposits, certificates of deposit, and bankers' acceptances of U.S. banks and their branches located outside of the U.S., U.S. branches and agencies of foreign banks, and foreign branches of foreign banks. The fund may also invest in U.S. dollar-denominated securities issued or guaranteed by other U.S. or foreign issuers, including U.S. and foreign corporations or other business organizations, foreign governments, foreign government agencies or instrumentalities, and U.S. and foreign financial institutions, including savings and loan institutions, insurance companies, mortgage bankers, and real estate investment trusts, as well as banks. The fund may purchase obligations of banks, savings and loan institutions, and other financial institutions whose creditworthiness might not otherwise meet the fund's standards, provided that (i) the principal amount of the instrument acquired by the fund is insured in full by the FDIC, and (ii) the aggregate investment made in any one such bank or institution does not exceed \$100,000.

The obligations of foreign branches of U.S. banks may be general obligations of the parent bank in addition to the issuing branch, or may be limited by the terms of a specific obligation and by governmental regulation. Payment of interest and principal on these obligations may also be affected by governmental action in the country of domicile of the branch (generally referred to as sovereign risk). In addition, evidences of ownership of portfolio securities may be held outside of the U.S. and the fund may be subject to the risks associated with the holding of such property overseas. Various provisions of federal law governing the establishment and operation of U.S. branches do not apply to foreign branches of U.S. banks.

Obligations of U.S. branches and agencies of foreign banks may be general obligations of the parent bank in addition to the issuing branch, or may be limited by the terms of a specific obligation and by federal and state regulation, as well as by governmental action in the country in which the foreign bank has its head office.

Obligations of foreign issuers involve certain additional risks. These risks may include future unfavorable political and economic developments, withholding taxes, seizures of foreign deposits, currency controls, interest limitations, or other governmental restrictions that might affect payment of principal or interest. Additionally, there may be less public information available about foreign banks and their branches. Foreign issuers may be subject to less governmental regulation and supervision than U.S. issuers. Foreign issuers also generally are not bound by uniform accounting, auditing, and financial reporting requirements comparable to those applicable to U.S. issuers.

RESTRICTED SECURITIES generally can be sold in privately negotiated transactions, pursuant to an exemption from registration under the Securities Act of 1933, or in a registered public offering. Where registration is required, the fund may be obligated to pay all or part of the registration expense and a considerable period may elapse between the time it decides to seek registration and the time the fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the fund might obtain a less favorable price than prevailed when it decided to seek registration of the security. However, in general, the fund anticipates holding restricted securities to maturity or selling them in an exempt transaction.

INVESTMENT POLICIES OF FIDELITY CASH RESERVES AND FIDELITY U.S. GOVERNMENT RESERVES:

QUALITY AND MATURITY. Pursuant to procedures adopted by the Board of Trustees, the funds may purchase only high quality securities that FMR believes present minimal credit risks. To be considered high quality, a security must be U.S. government security; rated in accordance with applicable rules in one of the two highest categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security); or, if unrated, judged to be of equivalent quality by FMR. High-quality securities, other than U.S. government securities, are divided into "first tier" and "second tier" securities. First tier securities have received the highest rating (e.g., Standard & Poor's A-1 rating) from at least two rating services (or one, if only one has rated the security). Second tier securities have received ratings within the two highest rating categories (e.g., Standard & Poor's A-1 or A-2) from at least two rating services (or one, if only one has rated the security), but do not qualify as first tier securities. If a security has been assigned different ratings by different rating services, at least two ratings services must have assigned the higher rating in order for FMR to determine eligibility on the basis of that

higher rating. Based on procedures adopted by the Board of Trustees, FMR may determine that an unrated security is of equivalent quality to a rated first or second tier security.

Cash Reserves does not currently intend to invest more than 5% of its total assets in second tier securities, nor to invest more than 1% of its total assets or \$1 million (whichever is greater) in the second tier securities of a single issuer.

Both funds currently intend to maintain a dollar-weighted average maturity of 90 days or less.

AFFILIATED BANK TRANSACTIONS. Pursuant to exemptive orders issued by the Securities and Exchange Commission (SEC), the funds may engage in transactions with banks that are, or may be considered to be, "affiliated persons" of a fund under the Investment Company Act of 1940. Such transactions may be entered into only pursuant to procedures established and periodically reviewed by the Board of Trustees. These transactions may include repurchase agreements with custodian banks; purchases, as principal, of short-term obligations of, and repurchase agreements with, the 50 largest U.S. banks (measured by deposits); transactions in municipal securities; and transactions in U.S. government securities with affiliated banks that are primary dealers in these securities.

ASSET-BACKED SECURITIES may include pools of mortgages, loans, receivables or other assets. Payment of principal and interest may be largely dependent upon the cash flows generated by the assets backing the securities, and, in certain cases, supported by letters of credit, surety bonds, or other credit enhancements. The value of asset-backed securities may also be affected by the creditworthiness of the servicing agent for the pool, the originator of the loans or receivables, or the financial institution(s) providing the credit support.

DELAYED-DELIVERY TRANSACTIONS. Each fund may buy and sell securities on a delayed-delivery or when-issued basis. These transactions involve a commitment by a fund to purchase or sell specific securities at a predetermined price or yield, with payment and delivery taking place after the customary settlement period for that type of security (and more than seven days in the future). Typically, no interest accrues to the purchaser until the security is delivered.

When purchasing securities on a delayed-delivery basis, a fund assumes the rights and risks of ownership, including the risk of price and yield fluctuations. Because a fund is not required to pay for securities until the delivery date, these risks are in addition to the risks associated with each fund's other investments. If a fund remains substantially fully invested at a time when delayed-delivery purchases are outstanding, the delayed-delivery purchases may result in a form of leverage. When delayed-delivery purchases are outstanding, a fund will set aside appropriate liquid assets in a segregated custodial account to cover its purchase obligations. When a fund has sold a security on a delayed-delivery basis, the fund does not participate in further gains or losses with respect to the security. If the other party to a delayed-delivery transaction fails to deliver or pay for the securities, a fund could miss a favorable price or yield opportunity, or could suffer a loss.

Each fund may renegotiate delayed-delivery transactions after they are entered into, and may sell underlying securities before they are delivered, which may result in capital gains or losses.

VARIABLE OR FLOATING RATE INSTRUMENTS. Variable or Floating Rate Obligations bear variable or floating interest rates and carry rights that permit holders to demand payment of the unpaid principal balance plus accrued interest from the issuers or certain financial intermediaries. Floating rate instruments have interest rates that change whenever there is a change in a designated base rate while variable rate instruments provide for a specified periodic adjustment in the interest rate. These formulas are designed to result in a market value for the instrument that approximates its par value.

A demand instrument with a conditional demand feature must have received both a short-term and a long-term high-quality rating or, if unrated, have been determined to be of comparable quality pursuant to procedures adopted by the Board of Trustees. A demand instrument with an unconditional demand feature may be acquired solely in reliance upon a short-term high-quality rating or, if unrated, upon a finding of comparable short-term quality pursuant to procedures adopted by the Board of Trustees.

A fund may invest in variable or floating rate instruments that ultimately mature in more than 397 days, if the fund acquires a right to sell the instruments that meets certain requirements set forth in Rule 2a-7. Variable rate instruments (including instruments subject to a demand feature) that mature in 397 days or less and U.S. government securities with a variable rate of interest adjusted no less frequently than 762 days may be deemed to have maturities equal to the period remaining until the next readjustment of the interest rate. Other variable rate instruments with demand features may be deemed to have a maturity equal to the period remaining until the next adjustment of the interest rate or the period remaining until the principal amount can be recovered through demand. A floating rate instrument subject to a demand feature may be deemed to have a maturity equal to the period remaining until the principal amount can be recovered through demand.

REPURCHASE AGREEMENTS. In a repurchase agreement, a fund purchases a security and simultaneously commits to resell that security to the seller at an agreed-upon price on an agreed-upon date within a number of days from

the date of purchase. The resale price reflects the purchase price plus an agreed-upon incremental amount which is unrelated to the coupon rate or maturity of the purchased security. A repurchase agreement involves the obligation of the seller to pay the agreed-upon price, which obligation is in effect secured by the value (at least equal to the amount of the agreed-upon resale price and marked to market daily) of the underlying security. A fund may engage in a repurchase agreement with respect to any security in which it is authorized to invest, even if the underlying security matures in more than 397 days. While it does not presently appear possible to eliminate all risks from these transactions (particularly the possibility of a decline in the market value of the underlying securities, as well as delays and costs to a fund in connection with bankruptcy proceedings), it is each fund's current policy to limit repurchase agreement transactions to those parties whose creditworthiness has been reviewed and found satisfactory by FMR.

REVERSE REPURCHASE AGREEMENTS. In a reverse repurchase agreement, a fund sells a portfolio instrument to another party, such as a bank or broker-dealer, in return for cash and agrees to repurchase the instrument at a particular price and time. While a reverse repurchase agreement is outstanding, a fund will maintain appropriate liquid assets in a segregated custodial account to cover its obligation under the agreement. Each fund will enter into reverse repurchase agreements only with parties whose creditworthiness has been found satisfactory by FMR. Such transactions may increase fluctuations in the market value of a fund's assets and may be viewed as a form of leverage.

ILLIQUID INVESTMENTS are investments that cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued. Under the supervision of the Board of Trustees, FMR determines the liquidity of the fund's investments and, through reports from FMR, the Board monitors investments in illiquid instruments. In determining the liquidity of the fund's investments, FMR may consider various factors, including (1) the frequency of trades and quotations, (2) the number of dealers and prospective purchasers in the marketplace, (3) dealer undertakings to make a market, (4) the nature of the security (including any demand or tender features), and (5) the nature of the marketplace for trades (including the ability to assign or offset the fund's rights and obligations relating to the investment). Investments currently considered by Cash Reserves to be illiquid include repurchase agreements not entitling the holder to payment of principal and interest within seven days. Also, FMR may determine some restricted securities and time deposits to be illiquid. Investments currently considered by Fidelity U.S. Government Reserves to be illiquid include repurchase agreements not entitling the holder to payment of principal and interest within seven days. In the absence of market quotations, illiquid investments are valued for purposes of monitoring amortized cost valuation at fair value as determined in good faith by a committee appointed by the Board of Trustees. If through a change in values, net assets, or other circumstances, the fund were in a position where more than 10% of its net assets were invested in illiquid securities, it would seek to take appropriate steps to protect liquidity.

STRIPPED GOVERNMENT SECURITIES. Stripped securities are created by separating the income and principal components of a debt instrument and selling them separately. Each of the funds may purchase U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities), that are created when the coupon payments and the principal payment are stripped from an outstanding Treasury bond by the Federal Reserve Bank. Bonds issued by the Resolution Funding Corporation (REFCORP) can also be stripped in this fashion. REFCORP Strips are eligible investments for the funds.

Cash Reserves can purchase privately stripped government securities, which are created when a dealer deposits a Treasury security or federal agency security with a custodian for safekeeping and then sells the coupon payments and principal payment that will be generated by this security. Proprietary receipts, such as Certificates of Accrual on Treasury Securities (CATS), Treasury Investment Growth Receipts (TIGRS), and generic Treasury Receipts (TRs), are stripped U.S. Treasury securities that are separated into their component parts through trusts created by their broker sponsors. Bonds issued by the Financing Corporation (FICO) can also be stripped in this fashion.

Because of the SEC's views on privately stripped government securities, Cash Reserves must evaluate them as it would non-government securities pursuant to regulatory guidelines applicable to all money market funds. Accordingly, the fund currently intends to purchase only those privately stripped government securities that have either received the highest rating from two nationally recognized rating services (or one, if only one has rated the security) or, if unrated, been judged to be of equivalent quality by FMR pursuant to procedures adopted by the Board of Trustees.

INTERFUND BORROWING PROGRAM. Each fund has received permission from the SEC to lend money to and borrow money from other funds advised by FMR or its affiliates but U.S. Government Reserves will participate in the interfund borrowing program only as a borrower. Interfund loans and borrowings normally will extend overnight, but can have a maximum duration of seven days. Cash Reserves will lend through the program only when the returns are higher than those available at the same time from other short-term instruments (such as repurchase agreements). Cash Reserves will not lend more than 10% of its assets to other funds. Any delay in repayment to a

lending fund could result in a lost investment opportunity or additional borrowing costs. Each fund will not borrow through the program if, after doing so, total outstanding borrowings would exceed 15% of total assets. Loans may be called on one day's notice, and the fund may have to borrow from a bank at a higher interest rate if an interfund loan is called or not renewed.

SHORT SALES AGAINST THE BOX. A fund may sell securities short when it owns or has the right to obtain securities equivalent in kind or amount to the securities sold short. Short sales could be used to protect the net asset value per share of the fund in anticipation of increased interest rates, without sacrificing the current yield of the securities sold short. If a fund enters into a short sale against the box, it will be required to set aside securities equivalent in kind and amount to the securities sold short (or securities convertible or exchangeable into such securities) and will be required to hold such securities while the short sale is outstanding. The funds will incur transaction costs including interest expense, in connection with opening, maintaining, and closing short sales against the box.

PORTFOLIO TRANSACTIONS

All orders for the purchase or sale of portfolio securities are placed on behalf of the funds by FMR (either directly or through affiliated sub-advisers) pursuant to authority contained in the management contracts. FMR is also responsible for the placement of transaction orders for other investment companies and accounts for which it or its affiliates act as investment adviser. Securities purchased and sold by the funds generally will be traded on a net basis (i.e., without commission). In selecting broker-dealers, subject to applicable limitations of the federal securities laws, FMR will consider various relevant factors, including, but not limited to, the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the execution efficiency, settlement capability, and financial condition of the broker-dealer firm; the broker-dealer's execution services rendered on a continuing basis; and the reasonableness of any commissions.

The funds may execute portfolio transactions with broker-dealers who provide research and execution services to the funds or other accounts over which FMR or its affiliates exercise investment discretion. Such services may include advice concerning the value of securities; the advisability of investing in, purchasing, or selling securities; the availability of securities or the purchasers or sellers of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and performance of accounts; and effecting securities transactions and performing functions incidental thereto (such as clearance and settlement). FMR maintains a listing of broker-dealers who provide such services on a regular basis. However, as many transactions on behalf of the funds are placed with broker-dealers (including broker-dealers on the list) without regard to the furnishing of such services, it is not possible to estimate the proportion of such transactions directed to such broker-dealers solely because such services were provided. The selection of such broker-dealers is generally made by FMR (to the extent possible consistent with execution considerations) based upon the quality of research and execution services provided.

The receipt of research from broker-dealers that execute transactions on behalf of the funds may be useful to FMR in rendering investment management services to the funds or its other clients, and, conversely, research provided by broker-dealers who have executed transaction orders on behalf of other FMR clients may be useful to FMR in carrying out its obligations to the funds. The receipt of such research has not reduced FMR's normal independent research activities; however, it enables FMR to avoid additional expenses that could be incurred if FMR tried to develop comparable information through its own efforts.

Subject to applicable limitations of the federal securities laws, broker-dealers may receive commissions for agency transactions that are in excess of the amount of commissions charged by other broker-dealers in recognition of their research and execution services. In order to cause the funds to pay such higher commissions, FMR must determine in good faith that such commissions are reasonable in relation to the value of the brokerage and research services provided by such executing broker-dealers, viewed in terms of a particular transaction or FMR's overall responsibilities to the funds and its other clients. In reaching this determination, FMR will not attempt to place a specific dollar value on the brokerage and research services provided, or to determine what portion of the compensation should be related to those services.

FMR is authorized to use research services provided by and to place portfolio transactions with brokerage firms that have provided assistance in the distribution of shares of the fund or shares of other Fidelity funds to the extent permitted by law. FMR may use research services provided by and place agency transactions with Fidelity Brokerage Services, Inc. (FBSI) and, for Cash Reserves, Fidelity Brokerage Services, Ltd. (FBSL), both subsidiaries of FMR Corp., if the commissions are fair, reasonable, and comparable to commissions charged by non-affiliated, qualified brokerage firms for similar services.

Section 11(a) of the Securities Exchange Act of 1934 prohibits members of national securities exchanges from executing exchange transactions for accounts which they or their affiliates manage, except in accordance with

regulations of the Securities and Exchange Commission. Pursuant to such regulations, each fund's Board of Trustees has approved a written agreement that permits FBSI to effect portfolio transactions on national securities exchanges and to retain compensation in connection with such transactions. The Trustees periodically review FMR's performance of its responsibilities in connection with the placement of portfolio transactions on behalf of the funds and review the commissions paid by the funds over representative periods of time to determine if they are reasonable in relation to the benefits to the funds.

From time to time the Trustees will review whether the recapture for the benefit of the funds of some portion of the brokerage commissions or similar fees paid by the funds on portfolio transactions is legally permissible and advisable. The funds seek to recapture soliciting broker-dealer fees on the tender of portfolio securities, but at present no other recapture arrangements are in effect. The Trustees intend to continue to review whether recapture opportunities are available and are legally permissible and, if so, to determine in the exercise of their business judgment whether it would be advisable for the funds to seek such recapture.

Although the Trustees and officers of the funds are substantially the same as those of other funds managed by FMR, investment decisions for each fund are made independently from those of other funds managed by FMR or accounts managed by FMR affiliates. It sometimes happens that the same security is held in the portfolio of more than one of these funds or accounts. Simultaneous transactions are inevitable when several funds are managed by the same investment adviser, particularly when the same security is suitable for the investment objective of more than one fund.

When two or more funds are simultaneously engaged in the purchase or sale of the same security, the prices and amounts are allocated in accordance with a formula considered by the officers of the funds involved to be equitable to each fund. In some cases, this system could have a detrimental effect on the price or value of the security as far as the funds are concerned. In other cases, however, the ability of a fund to participate in volume transactions will produce better executions and prices for the fund. It is the current opinion of the Trustees that the desirability of retaining FMR as investment adviser to the fund outweighs any disadvantages that may be said to exist from exposure to simultaneous transactions.

VALUATION OF PORTFOLIO SECURITIES

Each fund values its investments on the basis of amortized cost. This technique involves valuing an instrument at its cost as adjusted for amortization of premium or accretion of discount rather than its value based on current market quotations or appropriate substitutes which reflect current market conditions. The amortized cost value of an instrument may be higher or lower than the price each fund would receive if it sold the instrument.

Valuing a fund's instruments on the basis of amortized cost and use of the term "money market fund" are permitted by Rule 2a-7 under the Investment Company Act of 1940 (the 1940 Act). Each fund must adhere to certain conditions under Rule 2a-7.

The Board of Trustees of each trust oversees FMR's adherence to SEC rules concerning money market funds, and has established procedures designed to stabilize each fund's NAV at \$1.00. At such intervals as they deem appropriate, the Trustees consider the extent to which NAV calculated by using market valuations would deviate from \$1.00 per share. If the Trustees believe that a deviation from a fund's amortized cost per share may result in material dilution or other unfair results to shareholders, the Trustees have agreed to take such corrective action, if any, as they deem appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results. Such corrective action could include selling portfolio instruments prior to maturity to realize capital gains or losses or to shorten average portfolio maturity; withholding dividends; redeeming shares in kind; establishing NAV by using available market quotations; and such other measures as the Trustees may deem appropriate. During periods of declining interest rates, each fund's yield based on amortized cost may be higher than the yield based on market valuations. Under these circumstances, a shareholder in either fund would be able to obtain a somewhat higher yield than would result if each respective fund utilized market valuations to determine its NAV. The converse would apply in a period of rising interest rates.

PERFORMANCE

Each fund may quote its performance in various ways. All performance information supplied by the funds in advertising is historical and is not intended to indicate future returns. Each fund's yields and total returns fluctuate in response to market conditions and other factors.

YIELD CALCULATIONS. To compute each fund's yield for a period, the net change in value of a hypothetical account containing one share reflects the value of additional shares purchased with dividends from the original share and dividends declared on both the original share and any additional shares. The net change is then divided by the value of the account at the beginning of the period to obtain a base period return. This base period return is annualized to obtain a current annualized yield. Each fund may also calculate an effective yield by compounding the base period return over a one year period. In addition to the current yield, each fund may quote yields in advertising based on any historical seven-day period. Yield information may be useful in reviewing the funds' performance and in

providing a basis for comparison with other investment alternatives. However, the funds' yields fluctuate, unlike investments that pay a fixed interest rate over a stated period of time. The funds' yields are calculated on the same basis as other money market funds, as required by applicable regulations. When comparing investment alternatives, investors should also note the quality and maturity of the portfolio securities of the respective investment companies they have chosen to consider. Investors should recognize that in periods of declining interest rates the funds' yields will tend to be somewhat higher than prevailing market rates, and in periods of rising interest rates the funds' yields will tend to be somewhat lower. Also, when interest rates are falling, the inflow of net new money to a fund from the continuous sale of its shares will likely be invested in instruments producing lower yields than the balance of the funds' holdings, thereby reducing the current yield of the funds. In periods of rising interest rates, the opposite can be expected to occur.

TOTAL RETURN CALCULATIONS. Total returns quoted in advertising reflect all aspects of a fund's returns, including the effect of reinvesting dividends and capital gain distributions (if any), and any change in the fund's net asset value (NAV) over a period. Average annual returns are calculated by determining the growth or decline in value of a hypothetical historical investment in a fund over a stated period, and then calculating the annually compounded percentage rate that would have produced the same result if the rate of growth or decline in value had been constant over the entire period. For example, a cumulative return of 100% over ten years would produce an average annual return of 7.18%, which is the steady annual rate that would equal 100% growth on a compounded basis in ten years. While average annual returns are a convenient means of comparing investment alternatives, investors should realize that a fund's performance is not constant over time, but changes from year to year, and that average annual total returns represent averaged figures as opposed to actual year-to-year performance.

In addition to average annual total returns, a fund may quote unaveraged or cumulative total returns reflecting the simple change in value of an investment over a stated period. Average annual and cumulative total returns may be quoted as a percentage or as a dollar amount, and may be calculated for a single investment, a series of investments, or a series of redemptions over any time period. Total returns may be broken down into their components of income and capital (including capital gains and changes in share price, if any) in order to illustrate the relationship of these factors and their contributions to total return. An example of this type of illustration is given below. Total returns, yields, and other performance information may be quoted numerically or in a table, graph, or similar illustration.

HISTORICAL FUND RESULTS. The following table shows each fund's yield and total returns for the periods ended November 30, 1993 (Cash Reserves) and September 30, 1993 (U.S. Government Reserves):

	Average Annual Total Returns	Cumulative Total Returns	Seven-Day	One Year	Five Years	Ten Years	One Year	Five Years	Ten Years
	Yield	Year	Years	Years	Year	Years	Years	Years	Years
CASH RESERVES	2.87%	2.97%	5.96%	6.81%	2.97%	33.55%	93.21%		
FIDELITY U.S. GOVERNMENT RESERVES	2.89%	2.57%	5.84%	6.65%	2.57%	32.83%	90.41%		

The following tables compare each fund's returns for the fiscal periods shown to the records of the Standard & Poor's 500 Composite Stock Price Index (S&P 500), the Dow Jones Industrial Average (DJIA), and the cost of living (measured by the Consumer Price Index, or CPI) over the same period. The S&P 500 and DJIA comparisons are provided to show how each fund's return compared to the return of common stocks over the same period. Of course, since the funds invest in short-term fixed-income securities, common stocks represent a different type of investment from the funds. Common stocks generally offer greater growth potential than the funds, but generally are more volatile in value and may offer a greater potential for loss. In addition, common stocks generally provide lower income than a money market investment such as the funds. The S&P 500 and DJIA are based on the prices of unmanaged groups of stocks and, unlike the funds' returns, their returns do not include the effect of paying brokerage commissions and other costs of investing.

FIDELITY CASH RESERVES. During the period November 30, 1983 to November 30, 1993, a hypothetical \$10,000 investment in Fidelity Cash Reserves would have grown to \$ 19,321 , assuming all distributions were reinvested. This was a period of widely fluctuating interest rates and should not necessarily be considered representative of the dividend income that could be realized from an investment in the fund today.

FIDELITY CASH RESERVES INDICES

YEAR ENDED 11/30 INVESTMENT	INITIAL VALUE	VALUE OF REINVESTED DIVIDENDS	VALUE OF REINVESTED CAPITAL GAINS	COST OF REINVESTED TOTAL	VALUE S&P 500	DJIA	LIVING
1993	\$10,000	\$9,321	\$0	\$19,321	\$39,547	\$41,602	\$14,407
1992	10,000	8,764	0	18,764	35,919	36,260	14,038
1991	10,000	8,060	0	18,060	30,311	30,834	13,617
1990	10,000	7,002	0	17,002	25,185	26,362	13,221
1989	10,000	5,761	0	15,761	26,094	26,811	12,441
1988	10,000	4,467	0	14,467	19,942	20,186	11,887

1987 10,000 3,501 0 13,501 16,170 16,888 11,408
 1986 10,000 2,703 0 12,703 16,963 17,103 10,909
 1985 10,000 1,905 0 11,905 13,286 12,688 10,771
 1984 10,000 1,023 0 11,023 10,300 9,786 10,405

Explanatory Notes: With an initial investment of \$10,000 made on November 30, 1983, the net amount invested in fund shares was \$10,000. The cost of the initial investment (\$10,000), together with the aggregate cost of reinvested dividends for the period covered (their cash value at the time they were reinvested), amounted to \$19,321. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments (dividends) for the period would have amounted to \$6,606. The fund did not distribute any capital gains during the period. Tax consequences of different investments have not been factored into the above figures.

FIDELITY U.S. GOVERNMENT RESERVES. During the period September 30, 1983 to September 30, 1993, a hypothetical \$10,000 investment in Fidelity U.S. Government Reserves would have grown to \$ 19,041, assuming all distributions were reinvested. This was a period of widely fluctuating interest rates and should not necessarily be considered representative of the dividend income that could be realized from an investment in the fund today.

FIDELITY U.S. GOVERNMENT RESERVES INDICES

YEAR ENDED	INITIAL VALUE OF \$10,000 INVESTMENT	VALUE OF REINVESTED DIVIDENDS	VALUE OF REINVESTED CAPITAL GAINS	VALUE OF REINVESTED TOTAL	COST	OF
9/30						
1993	\$10,000	\$9,041	\$0	\$19,041	\$39,478	\$41,660 \$14,409
1992	10,000	8,564	0	18,564	34,933	37,230 14,032
1991	10,000	7,858	0	17,858	31,455	33,337 13,625
1990	10,000	6,801	0	16,801	23,978	26,162 13,178
1989	10,000	5,577	0	15,577	26,422	27,642 12,413
1988	10,000	4,335	0	14,335	19,866	20,903 11,897
1987	10,000	3,431	0	13,431	22,668	24,778 11,420
1986	10,000	2,696	0	12,696	15,802	16,368 10,943
1985	10,000	1,874	0	11,874	11,994	11,859 10,750
1984	10,000	9,761	0	10,976	10,472	10,270 10,427

Explanatory Notes: With an initial investment of \$10,000 made on September 30, 1983, the net amount invested in fund shares was \$10,000. The cost of the initial investment (\$10,000), together with the aggregate cost of reinvested dividends for the period covered (their cash value at the time they were reinvested) amounted to \$ 19,041. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments (dividends) for the period would have amounted to \$ 6,459. The fund did not distribute any capital gains during the period. Tax consequences of different investments have not been factored into the figures above.

A fund's performance may be compared to the performance of other mutual funds in general, or to the performance of particular types of mutual funds. These comparisons may be expressed as mutual fund rankings prepared by Lipper Analytical Services, Inc. (Lipper), an independent service located in Summit, New Jersey that monitors the performance of mutual funds. Lipper generally ranks funds on the basis of total return, assuming reinvestment of distributions, but does not take sales charges or redemption fees into consideration, and is prepared without regard to tax consequences. Lipper may also rank funds based on yield. In addition to the mutual fund rankings, a fund's performance may be compared to mutual fund performance indices prepared by Lipper.

From time to time, a fund's performance may also be compared to other mutual funds tracked by financial or business publications and periodicals. For example, the fund may quote Morningstar, Inc. in its advertising materials. Morningstar, Inc. is a mutual fund rating service that rates mutual funds on the basis of risk-adjusted performance. Rankings that compare the performance of Fidelity funds to one another in appropriate categories over specific periods of time may also be quoted in advertising.

Fidelity may provide information designed to help individuals understand their investment goals and explore various financial strategies. For example, Fidelity's FundMatchsm Program includes a workbook describing general principles of investing, such as asset allocation, diversification, risk tolerance, and goal setting; a questionnaire designed to help create a personal financial profile; and an action plan offering investment alternatives. Materials may also include discussions of Fidelity's three asset allocation funds and other Fidelity funds, products, and services.

Ibbotson Associates of Chicago, Illinois (Ibbotson) provides historical returns of the capital markets in the United States, including common stocks, small capitalization stocks, long-term corporate bonds, intermediate-term government bonds, long-term government bonds, Treasury bills, the U.S. rate of inflation (based on the CPI), and combinations of various capital markets. The performance of these capital markets is based on the returns of different indices.

Fidelity funds may use the performance of these capital markets in order to demonstrate general risk-versus-reward investment scenarios. Performance comparisons may also include the value of a hypothetical investment in any of these capital markets. The risks associated with the security types in

any capital market may or may not correspond directly to those of the funds. Ibbotson calculates total returns in the same method as the funds. The funds may also compare performance to that of other compilations or indices that may be developed and made available in the future.

The fund may compare its performance or the performance of securities in which it may invest to averages published by IBC USA (Publications), Inc. of Ashland, Massachusetts. These averages assume reinvestment of distributions. The IBC/Donoghue's MONEY FUND AVERAGES (registered trademark)/All Taxable, and Government, which are reported in the MONEY FUND REPORT (registered trademark), cover over 624 taxable and 202 U.S. government money market funds, respectively.

In advertising materials, Fidelity may reference or discuss its products and services, which may include: other Fidelity funds; retirement investing; brokerage products and services; the effects of periodic investment plans and dollar cost averaging; saving for college; charitable giving; and the Fidelity credit card. In addition, Fidelity may quote financial or business publications and periodicals, including model portfolios or allocations, as they relate to fund management, investment philosophy, and investment techniques. Fidelity may also reprint, and use as advertising and sales literature, articles from Fidelity Focus, a quarterly magazine provided free of charge to Fidelity fund shareholders.

A fund may present its fund number, Quotron (registered trademark) number, and CUSIP number, and discuss or quote its current portfolio manager.

A fund may be available for purchase through retirement plans or other programs offering deferral of, or exemption from, income taxes, which may produce superior after-tax returns over time. For example, a \$1,000 investment earning a taxable return of 10% annually would have an after-tax value of \$1,949 after ten years, assuming tax was deducted from the return each year at a 31% rate. An equivalent tax-deferred investment would have an after-tax value of \$2,100 after ten years, assuming tax was deducted at a 31% rate from the tax-deferred earnings at the end of the ten-year period.

The funds may also compare their performance to several products offered by banks and thrifts. The funds may compare their yields, both the seven-day yield and the effective yield, to those of money market accounts, Super NOW accounts, and certificates of deposit quoted in the BANK RATE MONITOR National Index (registered trademark), an average of the quoted rates for 100 leading banks and thrifts in ten U.S. cities, chosen to represent the ten largest Consumer Metropolitan Statistical Areas. Unlike the funds, certain bank and thrift products such as money market deposit accounts, Super NOW accounts, and certificates of deposit are insured by the Federal Deposit Insurance Corporation.

Each fund may also compare its seven-day average net yield with the BANK RATE MONITOR National Index (registered trademark) (an index of bank money market deposit account performance). BANK RATE MONITOR National Index (registered trademark) is published by Advertising News Services, Inc. of North Palm Beach, Florida 33408.

From time to time, the funds may reference the U.S. Personal Savings Rate as quoted by the Department of Commerce. The Personal Savings Rate is defined as that part of personal income which is neither paid out in taxes nor spent on goods and services. The funds may also quote from commentary which appears in published newspapers, magazines, and other periodicals. The funds may reference the growth and variety of money market mutual funds and the adviser's innovation and participation in the industry.

In addition, the funds may compare their yields to the Auction Average Discount Rate for 182-day Treasury bills. Six-month Treasury bills are issued at a discount from their face value in weekly auctions. Consequently, their yield is quoted as a yield to maturity reflecting the accretion of the discount as the bill matures. The funds may also compare their yields to the federal funds rate, which is the interest rate that banks charge each other for overnight loans through the Federal Reserve System to meet reserve requirements. Both the yield on six-month Treasury bills and the federal funds rate are considered to be sensitive indicators of interest rate trends.

Cash Reserves may be advertised as an investment choice under the Fidelity College Savings Plan mutual fund option. Fidelity College Savings Plan advertising may contain illustrations of projected future college costs based on assumed rates of inflation and examples of hypothetical performance. Advertising for the Fidelity College Savings Plan mutual fund option may be used in conjunction with advertising for the Fidelity College Savings Plan brokerage option, a product offered through Fidelity Brokerage Services, Inc.

ADDITIONAL PURCHASE AND REDEMPTION INFORMATION

For accounts opened under the Uniform Gifts or Transfers to Minors Act, the minimum initial investment for Cash Reserves is \$1,000. The minimum is further reduced for investors choosing the Fidelity College Savings Plan Starter Account option, in which investors begin their account with monthly investments of \$100 or more via Fidelity Automatic Account Builder. Starter Accounts that do not reach a \$1,000 minimum within one year of establishment may be closed.

Each fund is open for business and its NAV is calculated each day the New York Stock Exchange (NYSE) is open for trading. The NYSE has designated the following holiday closings for 1994: Washington's Birthday (observed), Good Friday, Memorial Day (observed), Independence Day, Labor Day, Thanksgiving Day, and Christmas Day (observed). Although FMR expects the same holiday

schedule to be observed in the future, the NYSE may modify its holiday schedule at any time.

FSC normally determines each fund's NAV as of the close of the NYSE (normally 4:00 p.m. Eastern time). However, NAV may be calculated earlier if trading on the NYSE is restricted or as permitted by the SEC. To the extent that portfolio securities are traded in other markets on days when the NYSE is closed, a fund's NAV may be affected on days when investors do not have access to the fund to purchase or redeem shares.

If the Trustees determine that existing conditions make cash payments undesirable, redemption payments may be made in whole or in part in securities or other property, valued for this purpose as they are valued in computing a fund's NAV. Shareholders receiving securities or other property on redemption may realize a gain or loss for tax purposes, and will incur any costs of sale, as well as the associated inconveniences.

Pursuant to Rule 11a-3 under the Investment Company Act of 1940 (the 1940 Act), each fund is required to give shareholders at least 60 days' notice prior to terminating or modifying its exchange privilege. Under the Rule, the 60-day notification requirement may be waived if (i) the only effect of a modification would be to reduce or eliminate an administrative fee, redemption fee, or deferred sales charge ordinarily payable at the time of an exchange, or (ii) the fund suspends the redemption of the shares to be exchanged as permitted under the 1940 Act or by the SEC, or the fund to be acquired suspends the sale of its shares because it is unable to invest amounts effectively in accordance with its investment objective and policies.

In the Prospectus, each fund has notified shareholders that it reserves the right at any time, without prior notice, to refuse exchange purchases by any person or group if, in FMR's judgment, a fund would be unable to invest effectively in accordance with its investment objective and policies, or would otherwise potentially be adversely affected.

DISTRIBUTIONS AND TAXES

DISTRIBUTIONS. If you request to have distributions mailed to you and the U.S. Postal Service cannot deliver your checks, or if your checks remain uncashed for six months, Fidelity may reinvest your distributions at the then-current NAV. All subsequent distributions will then be reinvested until you provide Fidelity with alternate instructions.

DIVIDENDS. Because the funds' income is primarily derived from interest, dividends from the funds will not normally qualify for the dividends-received deduction available to corporations. The funds will send each shareholder a notice in January describing the tax status of dividends and capital gain distributions (if any) for the prior year.

CAPITAL GAIN DISTRIBUTIONS. Each fund may distribute any net realized short-term capital gains once a year or more often, as necessary, to maintain its net asset value at \$1.00 per share. Short-term capital gains distributed by the funds are taxable to shareholders as dividends, not as capital gains. Distributions from short-term capital gains do not qualify for the dividends-received deduction.

As of November 30, 1993, Cash Reserves had an aggregate capital loss carry over of approximately \$1,196,000 available to offset future realized capital gains, to the extent provided in regulations, which will expire on November 30, 2001.

As of September 30, 1993, U.S. Government Reserves had an aggregate capital loss carryover of approximately \$ 436,000 available to offset future realized capital gains, to the extent provided in regulations, of which \$ 7,000 and \$ 429,000 will expire September 30, 1995, and September 30, 1996, respectively.

TAX STATUS OF THE FUNDS. Each fund has qualified and intends to continue to qualify each year as a "regulated investment company" for tax purposes so that it will not be liable for federal tax on income and capital gains distributed to shareholders. In order to qualify as a regulated investment company and avoid being subject to federal income or excise taxes at the fund level, each fund intends to distribute substantially all of its net investment income and net realized capital gains (if any) within each calendar year as well as on a fiscal year basis. U.S. Government Reserves is treated as a separate entity for tax purposes from other funds of Fidelity Charles Street Trust for tax purposes.

STATE AND LOCAL TAX ISSUES. For mutual funds organized as business trusts, most states' laws provide for a pass-through of the state and local income tax exemption afforded to direct owners of U.S. government securities. Therefore, for residents of most states, the tax treatment of your dividend distributions from U.S. Government Reserves will be the same as if you directly owned your proportionate share of that fund's portfolio securities. Thus, because the income earned on most U.S. government securities in which the fund invests is exempt from state and local income taxes in most states, the portion of your dividends from the fund attributable to these securities will also be free from income taxes in those states. The exemption from state and local income taxation does not preclude states from assessing other taxes on the ownership of U. S. government securities.

OTHER TAX INFORMATION. The information above is only a summary of some of the tax consequences generally affecting the funds and their shareholders, and no attempt has been made to discuss individual tax consequences. In addition to federal income taxes, shareholders of the funds may be subject to state and local taxes on distributions received from a fund.

Investors should consult their tax advisers to determine whether the funds

are suitable to their particular tax situation.

FMR

FMR is a wholly owned subsidiary of FMR Corp., a parent company organized in 1972. At present, the principal operating activities of FMR Corp. are those conducted by three of its divisions as follows: FSC, which is the transfer and shareholder servicing agent for certain of the funds advised by FMR; Fidelity Investments Institutional Operations Company, which performs shareholder servicing functions for certain institutional customers; and Fidelity Investments Retail Marketing Company, which provides marketing services to various companies within the Fidelity organization.

Several affiliates of FMR are also engaged in the investment advisory business. Fidelity Management Trust Company provides trustee, investment advisory, and administrative services to retirement plans and corporate employee benefit accounts. Fidelity Management & Research (U.K.) Inc. (FMR U.K.) and Fidelity Management & Research (Far East) Inc. (FMR Far East), both wholly owned subsidiaries of FMR formed in 1986, supply investment research, and may supply portfolio management services, to FMR in connection with certain funds advised by FMR. Analysts employed by FMR, FMR U.K., and FMR Far East research and visit thousands of domestic and foreign companies each year. FMR Texas, a wholly owned subsidiary of FMR formed in 1989, supplies portfolio management and research services in connection with certain money market funds advised by FMR.

TRUSTEES AND OFFICERS

The Trustees and executive officers of the trusts are listed below. Except as indicated, each individual has held the office shown or other offices in the same company for the last five years. Trustees and officers elected or appointed to Fidelity Cash Reserves prior to the fund's conversion from a fund of that trust to a fund of Fidelity Phillips Street Trust served Fidelity Cash Reserves in identical capacities. All persons named as Trustees also serve in similar capacities for other funds advised by FMR. Unless otherwise noted, the business address of each Trustee and officer is 82 Devonshire Street, Boston, Massachusetts 02109, which is also the address of FMR. Those Trustees who are "interested persons" (as defined in the Investment Company Act of 1940) by virtue of their affiliation with either trust or with FMR are indicated by an asterisk (*).

*EDWARD C. JOHNSON 3d, Trustee and President, is Chairman, Chief Executive Officer and a Director of FMR Corp.; a Director and Chairman of the Board and of the Executive Committee of FMR; Chairman and a Director of FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc., and Fidelity Management & Research (Far East) Inc.

*J. GARY BURKHEAD, Trustee and Senior Vice President, is President of FMR; and President and a Director of FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc. and Fidelity Management & Research (Far East) Inc.

RALPH F. COX, 200 Rivercrest Drive, Fort Worth, TX, Trustee (1991), is President of Greenhill Petroleum Corporation (petroleum exploration and production, 1990). Prior to his retirement in March 1990, Mr. Cox was President and Chief Operating Officer of Union Pacific Resources Company (exploration and production). He is a Director of Bonneville Pacific Corporation (independent power, 1989) and CH2M Hill Companies (engineering). In addition, he served on the Board of Directors of the Norton Company (manufacturer of industrial devices, 1983-1990) and continues to serve on the Board of Directors of the Texas State Chamber of Commerce, and is a member of advisory boards of Texas A&M University and the University of Texas at Austin.

PHYLLIS BURKE DAVIS, 340 E. 64th Street #22C, New York, NY, Trustee (Cash Reserves only - 1992). Prior to her retirement in September 1991, Mrs. Davis was the Senior Vice President of Corporate Affairs of Avon Products, Inc. She is currently a Director of BellSouth Corporation (telecommunications), Eaton Corporation (manufacturing, 1991), and the TJX Companies, Inc. (retail stores, 1990), and previously served as a Director of Hallmark Cards, Inc. (1985-1991) and Nabisco Brands, Inc. In addition, she serves as a Director of the New York City Chapter of the National Multiple Sclerosis Society, and is a member of the Advisory Council of the International Executive Service Corps. and the President's Advisory Council of The University of Vermont School of Business Administration (1988).

RICHARD J. FLYNN, 77 Fiske Hill, Sturbridge, MA, Trustee, is a financial consultant. Prior to September 1986, Mr. Flynn was Vice Chairman and a Director of the Norton Company (manufacturer of industrial devices). He is currently a Director of Mechanics Bank and a Trustee of College of the Holy Cross and Old Sturbridge Village, Inc.

E. BRADLEY JONES, 30195 Chagrin Blvd., Suite 104W, Pepper Pike, OH, Trustee (1990). Prior to his retirement in 1984, Mr. Jones was Chairman and Chief Executive Officer of LTV Steel Company. Prior to May 1990, he was Director of National City Corporation (a bank holding company) and National City Bank of Cleveland. He is a Director of TRW Inc. (original equipment and replacement products), Cleveland-Cliffs Inc (mining), NACCO Industries, Inc. (mining and marketing), Consolidated Rail Corporation, Birmingham Steel Corporation (1988), Hyster-Yale Materials Handling, Inc. (1989), and RPM, Inc. (manufacturer of chemical products, 1990). In addition, he serves as a Trustee of First Union Real Estate Investments; Chairman of the Board of Trustees and a member of the Executive Committee of the Cleveland Clinic Foundation, a Trustee and a member of the Executive Committee of University School (Cleveland), and a Trustee of Cleveland Clinic Florida.

DONALD J. KIRK, 680 Steamboat Road, Apartment #1 - North, Greenwich, CT, Trustee, is a Professor at Columbia University Graduate School of Business and a financial consultant. Prior to 1987, he was Chairman of the Financial Accounting Standards Board. Mr. Kirk is a Director of General Re Corporation (reinsurance), the National Arts Stabilization Fund, Greenwich Hospital Association (1989), and Valuation Research Corp. (appraisals and valuations, 1993).

*PETER S. LYNCH, Trustee (1990) is Vice Chairman of FMR (1992). Prior to his retirement on May 31, 1990, he was a Director of FMR (1989) and Executive Vice President of FMR (a position he held until March 31, 1991); Vice President of Fidelity Magellan Fund and FMR Growth Group Leader; and Managing Director of FMR Corp. Mr. Lynch was also Vice President of Fidelity Investments Corporate Services (1991-1992). He is a Director of W.R. Grace & Co. (chemicals, 1989) and Morrison Knudsen Corporation (engineering and construction, 1988). In addition, he serves as a Trustee of Boston College, Massachusetts Eye & Ear Infirmary, Historic Deerfield (1989) and Society for the Preservation of New England Antiquities, and as an Overseer of the Museum of Fine Arts of Boston (1990).

GERALD C. McDONOUGH, 135 Aspenwood Drive, Cleveland, OH, Trustee (1989), is Chairman of G.M. Management Group (strategic advisory services). Prior to his retirement in July 1988, he was Chairman and Chief Executive Officer of Leaseway Transportation Corp. (physical distribution services). Mr. McDonough is a Director of ACME-Cleveland Corp. (metal working, telecommunications and electronic products), Brush-Wellman Inc. (metal refining), York International Corp. (air conditioning and refrigeration, 1989), and Commercial Intertech Corp. (water treatment equipment, 1992). In addition, he serves as a Director for United Way Services of Greater Cleveland, a member of the Executive Committee of the Weatherhead School of Management, and as a Trustee of The Center for Economic Education.

EDWARD H. MALONE, 5601 Turtle Bay Drive #2104, Naples, FL, Trustee (1988). Prior to his retirement in 1985, Mr. Malone was Chairman, General Electric Investment Corporation and a Vice President of General Electric Company. He is a Director of Allegheny Power Systems, Inc. (electric utility), General Re Corporation (reinsurance) and Mattel Inc. (toy manufacturer). He is also a Trustee of Rensselaer Polytechnic Institute and of Corporate Property Investors and a member of the Advisory Boards of Butler Capital Corporation Funds and Warburg, Pincus Partnership Funds.

MARVIN L. MANN, 55 Railroad Avenue, Greenwich, CT, Trustee (Cash Reserves only - 1993) is Chairman of the Board, President, and Chief Executive Officer of Lexmark International, Inc. (office machines, 1991). Prior to 1991, he held the positions of Vice President of International Business Machines Corporation ("IBM") and President and General Manager of various IBM divisions and subsidiaries. Mr. Mann is a Director of M.A. Hanna Company (chemicals, 1993) and Infomart (marketing services, 1991), a Trammell Crow Co. In addition, he serves as the Campaign Vice Chairman of the Tri-State United Way (1993) and is a member of the University of Alabama President's Cabinet (1990).

THOMAS R. WILLIAMS, 21st Floor, 191 Peachtree Street, N.E., Atlanta, GA, Trustee (1988), is President of The Wales Group, Inc. (management and financial advisory services). Prior to retiring in 1987, Mr. Williams served as Chairman of the Board of First Wachovia Corporation (bank holding company), and Chairman and Chief Executive Officer of The First National Bank of Atlanta and First Atlanta Corporation (bank holding company). He is currently a Director of BellSouth Corporation (telecommunications), ConAgra, Inc. (agricultural products), Fisher Business Systems, Inc. (computer software, 1988), Georgia Power Company (electric utility), Gerber Alley & Associates, Inc. (computer software), National Life Insurance Company of Vermont, American Software, Inc. (1989), and AppleSouth, Inc. (restaurants, 1992).

GARY L. FRENCH, Treasurer (1991). Prior to becoming Treasurer of the Fidelity funds, Mr. French was Senior Vice President, Fund Accounting - Fidelity Accounting & Custody Services Co. (1991); Vice President, Fund Accounting - Fidelity Accounting & Custody Services Co. (1990); and Senior Vice President, Chief Financial and Operations Officer - Huntington Advisers, Inc. (1985-1990).

ARTHUR S. LORING, Secretary, is Vice President and General Counsel of FMR, Vice President-Legal of FMR Corp., and Clerk of FDC.

THOMAS D. MAHER, Assistant Vice President (1990), is Assistant Vice President of Fidelity's money market funds and Vice President and Associate General Counsel of FMR Texas Inc. (1990).

LELAND BARRON, Vice President (1991), is also a Vice President of other funds advised by FMR and an employee of FMR Texas Inc.

ROBERT LITTERST, Vice President (1993), is also a Vice President of other funds advised by FMR and an employee of FMR Texas Inc. Under a retirement program that became effective on November 1, 1989, Trustees, upon reaching age 72, become eligible to participate in a defined retirement program under which they receive payments during their lifetime from the fund based on their basic trustee fees and length of service. Currently, Messrs. Robert L. Johnson, William R. Spaulding, Bertram H. Witham, and David L. Yunich participate in the program.

As of November 30, 1993, the Trustees and officers of the funds owned, in the aggregate, less than 1% of each fund's outstanding shares.

MANAGEMENT CONTRACTS

Each fund employs FMR to furnish investment advisory and other services.

Under its management contract with each fund, FMR acts as investment adviser and, subject to the supervision of the Board of Trustees, directs the investments of each fund in accordance with its investment objective, policies, and limitations. FMR also provides each fund with all necessary office facilities and personnel for servicing the fund's investments, and compensates all officers of the trust, all Trustees who are "interested persons" of the trust or FMR, and all personnel of the trust or FMR performing services related to research, statistical, and investment activities.

In addition, FMR or its affiliates, subject to the supervision of the Board of Trustees, provide the management and administrative services necessary for the operation of each fund. These services include providing facilities for maintaining each fund's organization; supervising relations with custodians, transfer and pricing agents, accountants, underwriters, and other persons dealing with the funds; preparing all general shareholder communications and conducting shareholder relations; maintaining the funds' records and the registration of each fund's shares under federal and state law; developing management and shareholder services for the funds; and furnishing reports, evaluations, and analyses on a variety of subjects to the Board of Trustees.

In addition to the management fee payable to FMR and the fees payable to FSC, each fund pays all of its expenses, without limitation, that are not assumed by those parties. Each fund pays for typesetting, printing, and mailing proxy material to shareholders, legal expenses, and the fees of the custodian, auditor, and non-interested Trustees. Although each management contract provides that the fund will pay for typesetting, printing, and mailing prospectuses, statements of additional information, notices, and reports to existing shareholders, the trusts have entered into a revised transfer agent agreement with FSC, pursuant to which FSC bears the cost of providing these services to existing shareholders. Other expenses paid by each fund include interest, taxes, brokerage commissions, each fund's proportionate share of insurance premiums and Investment Company Institute dues, and the costs of registering shares under federal and state securities laws. Each fund is also liable for such nonrecurring expenses as may arise, including costs of any litigation to which a fund may be a party and any obligation it may have to indemnify the each trust's officers and Trustees with respect to litigation.

FIDELITY CASH RESERVES. FMR is the fund's manager pursuant to a management contract dated December 1, 1993, which was approved by shareholders on November 17, 1993. For the services of FMR under the contract, the fund pays FMR a monthly management fee calculated by adding a basic fee, which consists of a group fee rate and an individual fund fee rate (.03%), to an income-based component of 6% of the fund's gross income in excess of a 5% yield, and multiplying the result by the fund's average net assets. The group fee rate is based on the monthly average net assets of all of the registered investment companies with which FMR has management contracts and is calculated on a cumulative basis pursuant to the graduated fee rate schedule shown on the left of the chart below. On the right, the effective fee rate schedule shows the results of cumulatively applying the annualized rates at varying asset levels. For example, the effective annual fee rate at \$ 227.0 billion of group net assets--their approximate level for November 1993--was .1627 %, which is the weighted average of the respective fee rates for each level of group net assets up to \$ 227.0 billion.

AVERAGE GROUP ASSETS	GROUP ANNUALIZED NET ASSETS RATE	EFFECTIVE ANNUAL FEE RATE
0 - \$3 billion	.3700%	\$ 0.5 billion .3700%
3 - 6	.3400	25 .2664
6 - 9	.3100	50 .2188
9 - 12	.2800	75 .1986
12 - 15	.2500	100 .1869
15 - 18	.2200	125 .1793
18 - 21	.2000	150 .1736
21 - 24	.1900	175 .1695
24 - 30	.1800	200 .1658
30 - 36	.1750	225 .1629
36 - 42	.1700	250 .1604
42 - 48	.1650	275 .1583
48 - 66	.1600	300 .1565
66 - 84	.1550	325 .1548
84 - 120	.1500	350 .1533
120 - 174	.1450	
174 - 228	.1400	
228 - 282	.1375	
282 - 336	.1350	
Over 336	.1325	

Based on the average net assets of funds advised by FMR for November 1993, the basic fee rate would be calculated as follows:

GROUP FEE RATE + INDIVIDUAL FUND FEE RATE = BASIC FEE
 .1627 % + .03% = .1927 %

If the fund's gross yield is 5% or less, the basic fee is the total management fee. The income-based component of the proposed fee is added to the basic fee when the fund's yield is greater than 5%. The income-based fee equals 6% of that portion of the fund's gross income that represents a

gross yield of more than 5% per year. The maximum income-based component is .24% (annualized) of average net assets, at a fund gross yield of 9%. Gross income for this purpose, includes interest accrued and/or discount earned (including both original issue discount and market discount) on portfolio obligations, less amortization of premium. Realized and unrealized gains and losses, if any, are not included in gross income.

One twelfth (1/12) of the basic fee plus the income-based component is applied to the fund's average net assets for the current month, giving a dollar amount which is the fee for that month.

The contract further provides that FMR will reimburse the fund, in an amount not in excess of the fund's management fee for any fiscal year, if the fund's aggregate operating expenses exceed 1% of the average net assets of the fund.

FIDELITY CASH RESERVES. The fund's management contract with FMR prior to December 1, 1993 was dated January 1, 1993, and was approved by shareholders under a Plan of Conversion on December 5, 1992. For the services of FMR under the contract, the fund payed FMR a monthly management fee computed on the basis of the fund's gross income. To the extent that the monthly gross income of the fund was equivalent to an annualized yield of 5% or less, FMR received 4% of that amount of the fund's gross income. In addition, to the extent that the fund's monthly income exceeded an annualized yield of 5%, FMR received 6% of that excess. For this purpose, gross income included interest accrued or discount earned (including both original issue and market discount), less amortization of premium. The amount of discount or premium on portfolio instruments was fixed at the time of purchase. Realized and unrealized gains and losses, if any, were not included in gross income.

Pursuant to the terms of the contract, limitations were imposed on the compensation FMR could receive under the above formula. These limitations were based on the fund's average monthly net assets as follows:

AVERAGE MONTHLY NET ASSETS ANNUALIZED RATE

On the first \$1.5 billion .50%
 On the portion in excess of \$1.5 to \$3.0 billion .45%
 On the portion in excess of \$3.0 billion to \$4.5 billion .43%
 On the portion in excess of \$4.5 billion to \$6.0 billion .41%
 On the portion in excess of \$6.0 billion .40%

The contract provided further that FMR would reimburse the fund, in an amount not in excess of the fund's management fee for any fiscal year, if the fund's aggregate operating expenses exceeded 1% of the average net assets of the fund.

As the result of a litigation settlement, the fund's previous contract provided that through June 1992, FMR would provide a monthly credit at the annual rate of \$400,000 against the management fees due and payable by the fund to FMR through June 1992.

For the fiscal years ended November 30, 1993, 1992, and 1991, the fund paid fees of \$13,258,000, \$17,693,000, and \$31,574,000, respectively (equivalent to annual rates of .1358%, .1726%, and .2939%, respectively, of average net assets) to FMR for its services as investment adviser to the fund.

FIDELITY U.S. GOVERNMENT RESERVES. FMR is the fund's manager pursuant to an amended management contract dated December 1, 1992, which was approved by shareholders on November 18, 1992. For the services of FMR under the contract, the fund pays FMR a monthly management fee composed of the sum of two elements: a group fee rate and an individual fund fee rate.

The group fee rate is based on the monthly average net assets of all of the registered investment companies with which FMR has management contracts and is calculated on a cumulative basis pursuant to the graduated fee rate schedule shown below. On the right, the effective fee rate schedule shows the results of cumulatively applying the annualized rates at varying asset levels. For example, the effective annual fee rate at \$216.7 billion of group net assets - their approximate level for September 1993 - was .1638%, which is the weighted average of the respective fee rates for each level of group net assets up to that level.

AVERAGE GROUP EFFECTIVE

GROUP ANNUALIZED NET ANNUAL

ASSETS RATE ASSETS FEE RATE

0 - \$3 billion .3700% \$ 0.5 billion .3700%
 3 - 6 .3400 25 .2664
 6 - 9 .3100 50 .2188
 9 - 12 .2800 75 .1986
 12 - 15 .2500 100 .1869
 15 - 18 .2200 125 .1793
 18 - 21 .2000 150 .1736
 21 - 24 .1900 175 .1695
 24 - 30 .1800 200 .1658
 30 - 36 .1750 225 .1629
 36 - 42 .1700 250 .1604
 42 - 48 .1650 275 .1583
 48 - 66 .1600 300 .1565
 66 - 84 .1550 325 .1548
 84 - 120 .1500 350 .1533

120 - 174 .1450
174 - 228 .1400
228 - 282 .1375
282 - 336 .1350
Over 336 .1325

* The rates shown for average group assets in excess of \$174 billion were adopted by FMR on a voluntary basis on November 1, 1993 pending shareholder approval of a new management contract reflecting the extended schedule. The extended schedule provides for lower management fees as total assets under management increase.

The individual fund fee rate is .28%. Based on the average net assets of funds advised by FMR for September 1993, the annual management fee rate would be calculated as follows:

Group Fee Rate Individual Fund Fee Rate Management Fee Rate
.1638% + .28% = .4438%

One twelfth (1/12) of this annual management fee rate is then applied to the fund's average net assets for the current month, giving a dollar amount which is the fee for that month.

The substantive difference between the current contract and the contract prior to December 1, 1992 (which was dated January 29, 1990) is an extension of the group fee rate table shown above.

The schedule shown above (minus the breakpoints added November 1, 1993) was voluntarily adopted by FMR on January 1, 1992 until shareholders could meet to approve the amended management contract. Prior to January 1, 1992, the fund's group fee rate was based on a schedule with breakpoints ending at .150% for average group assets in excess of \$84 billion. In addition, effective September 1, 1993, Fidelity Management & Research Company agreed to voluntarily adopt a revised management fee structure which provides for a lower individual fund fee rate (.03%) and the addition of an income-based component that is identical to that of Cash Reserves. This change will provide for lower management fees, and will be presented to shareholders for approval at the next shareholder meeting. During the fiscal years ended September 30, 1993, 1992, and 1991, the fund paid fees of \$4,887,000, \$6,065,000, and \$7,015,000, respectively, to FMR for its services as investment adviser to the fund. These fees were equivalent to .4289%, .4549%, and .4613%, respectively, of the fund's average net assets for those years.

To comply with the California Code of Regulations, FMR will reimburse each fund if and to the extent that the fund's aggregate annual operating expenses exceed specified percentages of its average net assets. The applicable percentages are 2 1/2% of the first \$30 million, 2% of the next \$70 million, and 1 1/2% of average net assets in excess of \$100 million. When calculating each fund's expenses for purposes of this regulation, the fund may exclude interest, taxes, brokerage commissions, and extraordinary expenses, as well as a portion of its distribution plan expenses. SUB-ADVISEE. With respect to each fund, FMR has entered into a sub-advisory agreement with FTX pursuant to which FTX has primary responsibility for providing portfolio investment management services to the fund. Under each sub-advisory agreement, FMR pays FTX fees equal to 50% of the management fee payable to FMR under its management contract with each fund. The fees paid to FTX are not reduced by any voluntary or mandatory expense reimbursements that may be in effect from time to time. For the fiscal years ended November 30 (Cash Reserves) and September 30 (U.S. Government Reserves) 1993, 1992, and 1991, FMR paid FTX management fees of \$6,629,000, \$8,963,000, and \$15,987,000, respectively, for Cash Reserves, and \$2,444,000, \$3,032,000, and \$3,507,000, respectively, for U.S. Government Reserves.

DISTRIBUTION AND SERVICE PLANS

Each fund has adopted a distribution and service plan (the Plans) under Rule 12b-1 under the Investment Company Act of 1940 (the Rule). The Rule provides in substance that a mutual fund may not engage directly or indirectly in financing any activity that is primarily intended to result in the sale of shares of the fund except pursuant to a plan adopted by the fund under the Rule. Each fund's Board of Trustees has adopted the Plan to allow the fund and FMR to incur certain expenses that might be considered to constitute indirect payment by the fund of distribution expenses. Under the Plans, if the payment by a fund to FMR of management fees should be deemed to be indirect financing by the fund of the distribution of its shares, such payment is authorized by the Plans. Each Plan specifically recognizes that FMR, either directly or through FDC, may use its management fee revenues, past profits, or other resources, without limitation, to pay promotional and administrative expenses in connection with the offer and sale of shares of the funds. In addition, the Plans provide that FMR may use its resources, including its management fee revenues, to make payments to third parties that provide assistance in selling shares of the funds, or to third parties, including banks, that render shareholder support services. As of September 30, 1993 (U.S. Government Reserves) and November 30, 1993 (Cash Reserves), no such payments had been made to third parties by FMR.

In addition, in accordance with the terms of the litigation settlement described on page 18, until June 19, 1992, there had been no payment by Cash Reserves pursuant to its Plan to any person over and above the fees provided for by the management contract between the fund and FMR. This provision shall continue in effect unless modification is permitted by order of the United States District Court for the District of

Massachusetts.

Each fund's Plan has been approved by the Trustees. As required by the Rule, the Trustees carefully considered all pertinent factors relating to the implementation of each Plan prior to its approval, and have determined that there is a reasonable likelihood that the Plan will benefit each fund and its shareholders. In particular, the Trustees noted that the Plan does not authorize payments by a fund other than those made to FMR under its management contract with each fund. To the extent that the Plan gives FMR and FDC greater flexibility in connection with the distribution of shares of a fund, additional sales of the fund's shares may result. Additionally, certain shareholder support services may be provided more effectively under the Plans by local entities with whom shareholders have other relationships. The Plan was approved by Cash Reserves' shareholders under a Plan of Conversion on December 5, 1992 and U.S. Government Reserves' shareholders on November 18, 1992.

The Glass-Steagall Act generally prohibits federally and state chartered or supervised banks from engaging in the business of underwriting, selling, or distributing securities. Although the scope of this prohibition under the Glass-Steagall Act has not been clearly defined by the courts or appropriate regulatory agencies, FDC believes that the Glass-Steagall Act should not preclude a bank from performing shareholder support services or servicing and recordkeeping functions. FDC intends to engage banks only to perform such functions. However, changes in federal or state statutes and regulations pertaining to the permissible activities of banks and their affiliates or subsidiaries, as well as further judicial or administrative decisions or interpretations, could prevent a bank from continuing to perform all or a part of the contemplated services. If a bank were prohibited from so acting, the Trustees would consider what actions, if any, would be necessary to continue to provide efficient and effective shareholder services. In such event, changes in the operation of each fund might occur, including possible termination of any automatic investment or redemption or other services then provided by the bank. It is not expected that shareholders would suffer any adverse financial consequences as a result of any of these occurrences. Each fund may execute portfolio transactions with and purchase securities issued by depository institutions that receive payments under the Plans. No preference will be shown in the selection of investments for the instruments of such depository institutions. In addition, state securities laws on this issue may differ from the interpretations of federal law expressed herein, and banks and other financial institutions may be required to register as dealers pursuant to state law.

CONTRACTS WITH COMPANIES AFFILIATED WITH FMR

FSC is transfer, dividend disbursing, and shareholders' servicing agent for the funds. Under the trusts' contracts with FSC, each fund pays an annual fee of \$13.75 per regular account with a balance of \$5,000 or more, \$10 per basic retail account with a balance of less than \$5,000, and a supplemental activity charge of \$5.61 for monetary transactions. These fees and charges are subject to annual cost escalation based on postal rate changes and changes in wage and price levels as measured by the National Consumer Price Index for Urban Areas. With respect to institutional client master accounts, each fund pays FSC a per account fee of \$95, and monetary transactions charges of \$20, or \$17.50, depending on the nature of services provided. With respect to certain broker-dealer master accounts, the funds pay FSC a per-account fee of \$30 and a charge of \$6 for monetary transactions. Fees for certain institutional retirement plan accounts are based on the net assets of all such accounts in each fund.

Under the contracts, FSC pays out-of-pocket expenses associated with providing transfer agent services. In addition, FSC bears the expense of typesetting, printing, and mailing prospectuses, statements of additional information, and all other reports, notices, and statements to shareholders, with the exception of proxy statements.

The table on page 20 shows the transfer agent fees paid to FSC during each fund's last three fiscal years. The fiscal year for Cash Reserves ends November 30, and the fiscal year for U.S. Government Reserves ends September 30.

	1993	1992	1991
TRANSFER AGENT FEES	TRANSFER AGENT FEES	TRANSFER AGENT FEES	TRANSFER AGENT FEES
CASH RESERVES	\$31,208,000	\$29,339,000	\$28,778,000
U.S. GOVERNMENT RESERVES	\$2,955,000	\$3,101,000	\$3,576,000

Each trust's contract with FSC also provides that FSC will perform the calculations necessary to determine the funds' net asset value per share and dividends, and maintain the funds' accounting records. Prior to July 1, 1991, the annual fee for these pricing and bookkeeping services was based on two schedules, one pertaining to a fund's average net assets, and one pertaining to the type and number of transactions the fund made. The fee rates in effect as of July 1, 1991 are based on a fund's average net assets, specifically, .0175% for the first \$500 million of average net assets and .0075% for average net assets in excess of \$500 million. The fee is limited to a minimum of \$20,000 and a maximum of \$750,000 per year. The table below shows the fees paid to FSC for pricing and bookkeeping services, including related out-of-pocket expenses during each fund's last three fiscal years:

1993 1992 1991

PRICING AND BOOKKEEPING PRICING AND BOOKKEEPING PRICING AND BOOKKEEPING
FEES FEES FEES

CASH RESERVES	\$751,000	\$747,000	\$474,000
U.S. GOVERNMENT RESERVES	\$136,000	\$151,000	\$158,000

Each fund has a distribution agreement with FDC, a Massachusetts corporation organized on July 18, 1960. FDC is a broker-dealer registered under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. The distribution agreements call for FDC to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the funds, which are continuously offered at net asset value. Promotional and administrative expenses in connection with the offer and sale of shares are paid by FMR.

DESCRIPTION OF THE TRUSTS

TRUST ORGANIZATION. Fidelity U.S. Government Reserves is a fund of Fidelity Charles Street Trust (the Massachusetts Trust), an open-end management investment company organized as a Massachusetts business trust on July 7, 1981. The Declaration of Trust was amended on October 30, 1981, to change the name of the trust from Fidelity Federal Reserves to Fidelity U.S. Government Reserves, and was further amended on December 28, 1987 to change the name of the trust from Fidelity U.S. Government Reserves to Fidelity Charles Street Trust. Currently, there are seven funds of Fidelity Charles Street Trust: Fidelity U.S. Government Reserves, Fidelity Short-Intermediate Government Fund, Fidelity Asset Manager, Fidelity Asset Manager: Growth, Fidelity Asset Manager: Income, Spartan Investment-Grade Bond Fund, and Spartan Short-Term Bond Fund. The Massachusetts Trust's Declaration of Trust permits the Trustees to create additional funds. Fidelity Cash Reserves is a fund of Fidelity Phillips Street Trust (the Delaware Trust), an open-end management investment company organized as a Delaware business trust on September 17, 1992. Currently, there is one fund of the Delaware Trust: Fidelity Cash Reserves. The fund entered into an agreement to acquire all of the assets of Fidelity Cash Reserves, a series of a Massachusetts business trust (also called Fidelity Cash Reserves) on January 24, 1993. The Delaware Trust's Trust Instrument permits the Trustees to create additional funds.

In the event that FMR ceases to be the investment adviser to a trust or any of its funds, the right of the trust or its fund to use the identifying name "Fidelity" may be withdrawn. There is a remote possibility that one fund might become liable for any misstatement in its prospectus or statement of additional information about another fund.

The assets of each trust received for the issue or sale of shares of each of its funds and all income, earnings, profits, and proceeds thereof, subject only to the rights of creditors, are especially allocated to such fund, and constitute the underlying assets of such fund. The underlying assets of each fund are segregated on the books of account, and are to be charged with liabilities with respect to such fund and with a share of the general expenses of their respective trusts. Expenses with respect to the trusts are to be allocated in proportion to the asset value of their respective funds, except where allocations of direct expense can otherwise be fairly made. The officers of the trusts, subject to the general supervision of the Boards of Trustees, have the power to determine which expenses are allocable to a given fund, or which are general or allocable to all of the funds of a trust. In the event of the dissolution or liquidation of a trust, shareholders of each fund of that trust are entitled to receive as a class the underlying assets of such fund available for distribution.

SHAREHOLDER AND TRUSTEE LIABILITY - MASSACHUSETTS TRUST. The Massachusetts Trust is an entity of the type commonly known as "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable for the obligations of the trust. The Declaration of Trust provides that the Massachusetts Trust shall not have any claim against shareholders except for the payment of the purchase price of shares and requires that each agreement, obligation, or instrument entered into or executed by the Massachusetts Trust or its Trustees shall include a provision limiting the obligations created thereby to the Massachusetts Trust and its assets. The Declaration of Trust provides for indemnification out of each fund's property of any shareholders held personally liable for the obligations of the fund. The Declaration of Trust also provides that each fund shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the fund and satisfy any judgment thereon. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the fund itself would be unable to meet its obligations. FMR believes that, in view of the above, the risk of personal liability to shareholders is remote.

The Declaration of Trust further provides that the Trustees, if they have exercised reasonable care, will not be liable for any neglect or wrongdoing, but nothing in the Declaration of Trust protects a Trustee against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

SHAREHOLDER AND TRUSTEE LIABILITY - DELAWARE TRUST. The Delaware Trust is a business trust organized under Delaware law. Delaware law provides that shareholders shall be entitled to the same limitations of personal liability extended to stockholders of private corporations for profit. The

courts of some states, however, may decline to apply Delaware law on this point. The Trust Instrument contains an express disclaimer of shareholder liability for the debts, liabilities, obligations, and expenses of the Delaware Trust and requires that a disclaimer be given in each contract entered into or executed by the Delaware Trust or its Trustees. The Trust Instrument provides for indemnification out of each fund's property of any shareholder or former shareholder held personally liable for the obligations of the fund. The Trust Instrument also provides that each fund shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the fund and satisfy any judgment thereon. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which Delaware law does not apply, no contractual limitation of liability was in effect, and the fund is unable to meet its obligations. FMR believes that, in view of the above, the risk of personal liability to shareholders is extremely remote.

The Trust Instrument further provides that the Trustees, if they have exercised reasonable care, shall not be personally liable to any person other than the Delaware Trust or its shareholders; moreover, the Trustees shall not be liable for any conduct whatsoever, provided that a Trustee is not protected against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

VOTING RIGHTS - BOTH TRUSTS. Each fund's capital consists of shares of beneficial interest. The shares have no preemptive or conversion rights; voting and dividend rights, the right of redemption, and the privilege of exchange are described in the Prospectus. Shares are fully paid and nonassessable, except as set forth under the respective "Shareholder and Trustee Liability" headings above. Shareholders representing 10% or more of a trust or one of its funds may, as set forth in the Declaration of Trust or Trust Instrument, call meetings of the trust or a fund for any purpose related to the trust or fund, as the case may be, including, in the case of a meeting of an entire trust, the purpose of voting on removal of one or more Trustees.

A trust or any fund may be terminated upon the sale of its assets to (or, in the case of the Delaware Trust and its funds, merger with) another open-end management investment company or series thereof, or upon liquidation and distribution of its assets. Generally such terminations must be approved by vote of the holders of a majority of the outstanding shares of the trust or the fund, however, the Trustees of the Delaware Trust may, without prior shareholder approval, change the form of the organization of the Delaware Trust by merger, consolidation, or incorporation. If not so terminated or reorganized, the trusts and their funds will continue indefinitely.

Under the Trust Instrument, the Trustees may, without shareholder vote, cause the Delaware Trust to merge or consolidate into one or more trusts, partnerships, or corporations, so long as the surviving entity is an open-end management investment company that will succeed to or assume the Delaware Trust's registration statement, or cause the Delaware Trust to be incorporated under Delaware law. The Delaware Trust may also invest all of its assets in another investment company.

CUSTODIANS. The Bank of New York, 110 Washington Street, New York, New York, is custodian of the assets of Fidelity Cash Reserves. Morgan Guaranty, 60 Wall Street, New York, New York, is custodian of the assets of Fidelity U.S. Government Reserves. Each custodian is responsible for the safekeeping of the respective fund's assets and the appointment of subcustodian banks and clearing agencies. The custodians take no part in determining the investment policies of the funds or in deciding which securities are purchased or sold by the funds. Each fund may, however, invest in obligations of the custodian and may purchase securities from or sell securities to its custodian.

FMR, its officers and directors, its affiliated companies, and each trust's Trustees may from time to time have transactions with various banks, including the banks serving as custodians for certain of the funds advised by FMR. Transactions that have occurred to date have included mortgages and personal and general business loans. In the judgment of FMR, the terms and conditions of those transactions were not influenced by existing or potential custodial or other fund relationships.

AUDITORS. Coopers & Lybrand, 1999 Bryan Street, Dallas, Texas, serves as Fidelity Phillips Street Trust's independent accountant. Price Waterhouse, 1700 Pacific Avenue, Dallas, Texas serves as Fidelity Charles Street Trust's independent accountant. The auditors examine financial statements for the funds and provide other audit, tax, and related services.

FINANCIAL STATEMENTS

The funds' Annual Report for the fiscal years ended November 30, 1993 (Cash Reserves) and September 30, 1993 (U.S. Government Reserves) are separate reports supplied with this Statement of Additional Information and are incorporated herein by reference.

APPENDIX

DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC.'S COMMERCIAL PAPER RATINGS: Issuers rated PRIME-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. Prime-1 repayment capacity will normally be evidenced by the following characteristics:

Leading market positions in well established industries.

High rates of return on funds employed.

Conservative capitalization structures with moderate reliance on debt and ample asset protection.

Broad margins in earning coverage of fixed financial charges and with high internal cash generation.

Well established access to a range of financial markets and assured sources of alternate liquidity.

Issuers rated PRIME-2 (or related supporting institutions) have a strong capacity for repayment of short-term promissory obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earning trends and coverage ratios, while sound, will be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

DESCRIPTION OF STANDARD & POOR'S CORPORATION'S COMMERCIAL PAPER RATINGS:

A - Issues assigned this highest rating are regarded as having the greatest capacity for timely payment. Issues in this category are delineated with the numbers 1 and 2 to indicate the relative degree of safety.

A-1 - This designation indicates that the degree of safety regarding timely payment is either overwhelming or very strong. Those issues determined to possess overwhelming safety characteristics will be denoted with a plus (+) sign designation.

A-2 - Capacity for timely payment on issues with this designation is strong. However, the relative degree of safety is not as high as for issues designated A-1.

DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC.'S CORPORATE BOND RATINGS:

AAA - Bonds rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

AA - Bonds rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

Moody's applies numerical modifiers, 1, 2, and 3, in its Aa generic rating classification in its corporate bond rating system. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

DESCRIPTION OF STANDARD & POOR'S CORPORATION'S CORPORATE BOND RATINGS:

AAA - Debt rated AAA has the highest rating assigned by Standard & Poor's to a debt obligation. Capacity to pay interest and repay principal is extremely strong.

AA - Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher-rated issues only in small degree. The AA rating may be modified by the addition of a plus or minus to show relative standing within its major rating category.

DESCRIPTION OF FITCH INVESTOR'S SERVICE, INC.'S COMMERCIAL PAPER RATINGS:

FITCH-1 - (Highest Grade) Commercial paper assigned this rating is regarded as having the strongest degree of assurance for timely payment.

FITCH-2 - (Very Good Grade) Issues assigned this rating reflect an assurance of timely payment only slightly less in degree than the strongest issues.

DESCRIPTION OF FITCH INVESTOR'S SERVICE, INC.'S CORPORATE BOND RATINGS:

AAA - Bonds of this rating are regarded as strictly high grade, broadly marketable, suitable for investment by trustees and fiduciary institutions, and liable to but slight market fluctuation other than through changes in the money rate. The factor last named is of importance, varying with the length of maturity. Such bonds are mainly senior issues of strong companies, and are most numerous in the railway and public utility fields, though some industrial obligations have this rating. The prime feature of an AAA bond is of showing of earnings several times or many times interest requirements with such stability of applicable earnings that safety is beyond reasonable question whatever changes occur in conditions. Other features may enter, such as a wide margin of protection through collateral security or direct lien on specific property as in the case of high-class equipment certificates or bonds that are first mortgages on valuable real estate. Sinking funds or voluntary reduction of the debt, by call or purchase are often factors, while guarantee or assumption by parties other than the original debtor may influence the rating.

AA - Bonds in this group are of safety virtually beyond question, and as a class are readily saleable while many are highly active. Their merits are not greatly unlike those of the "AAA" class, but a bond so rated may be of junior though strong lien - in many cases directly following an AAA bond -

or the margin of safety is strikingly broad. The issue may be the obligation of a small company, strongly secured but influenced as to rating by the lesser financial power of the enterprise and more local type of market.

DESCRIPTION OF DUFF & PHELPS INC.'S COMMERCIAL PAPER RATINGS:

DUFF 1 - High certainty of timely payment. Liquidity factors are excellent and supported by strong fundamental protection factors. Risk factors are minor.

DUFF 2 - Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing internal funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

DESCRIPTION OF DUFF & PHELPS INC.'S CORPORATE BOND RATINGS:

DUFF 1 - Highest credit quality. The risk factors are negligible, being only slightly more than for risk-free U.S. Treasury debt.

DUFF 2 - High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

PART C - OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) 1. Audited financial statements for Fidelity Cash Reserves for the fiscal year ended November 30, 1993 are filed herein as Exhibit 24(a)(1).

2. Audited financial statements for Fidelity U.S. Government Reserves (File No. 2-73133) for the fiscal year ended September 30, 1993 are filed herein as Exhibit 24(a)(2).

(b) Exhibits

1. (a) Declaration of Trust dated December 29, 1978 is incorporated herein by reference to Exhibit 4(b) to Registration Statement No. 2-63350 filed December 29, 1978.

(b) Supplement to Declaration of Trust dated January 3, 1980 is incorporated herein by reference to Exhibit 1(b) to Post-Effective Amendment No. 10.

(c) Amendment to Declaration of Trust dated May 12, 1982 is incorporated herein by reference to Exhibit 1(b) to Post-Effective Amendment No. 7.

(d) Amended and Restated Declaration of Trust dated November 18, 1986 is incorporated herein by reference to Exhibit 1(d) to Post-Effective Amendment No. 20.

(e) Amendment to Declaration of Trust dated November 28, 1988 is incorporated herein by reference to Exhibit 1(e) to Post-Effective Amendment No. 26.

(f) Supplement to the Declaration of Trust dated December 1, 1989 is incorporated herein by reference to Exhibit 1(e) to Post-Effective Amendment No. 23.

(g) Trust Instrument dated September 17, 1992 is incorporated herein by reference to as Exhibit 1(g) to Post-Effective Amendment No. 35.

2. Not applicable.

3. Not applicable.

4. Not applicable.

5. (a) Management Contract, dated January 24, 1993, between Fidelity Phillips Street Trust and Fidelity Management & Research Company is incorporated herein by reference to as Exhibit 5(a) to Post-Effective Amendment No. 35.

(b) Sub-Advisory Agreement, dated January 24, 1993, between Fidelity Management & Research Company and FMR Texas, Inc. (with respect to Fidelity Phillips Street Trust) is incorporated herein by reference to as Exhibit 5(b) to Post-Effective Amendment No. 35.

6. (a) General Distribution Agreement, dated January 24, 1993, between Fidelity Phillips Street Trust and Fidelity Distributors Corporation is incorporated herein by reference to as Exhibit 6(a) to Post-Effective Amendment No. 35.

7. Retirement Program of the Trustees, dated November 1, 1989, is incorporated herein by reference to Exhibit 7 to Post-Effective Amendment No. 28.

8. (a) Custodian Agreement, dated July 18, 1991, between Fidelity Cash Reserves and The Bank of New York is incorporated herein by reference to Exhibit 8(a) to Post-Effective Amendment No. 28.

9. (a) Transfer Agent and Service Agreement dated January 24, 1993 between Fidelity Service Company and Fidelity Phillips Street Trust is incorporated herein by reference to as Exhibit 9(a) to Post-Effective Amendment No. 35.

(b) Schedule A (transfer agent, dividend and distribution disbursing agent, and shareholder servicing agent) dated January 24, 1993; Schedule B (pricing and bookkeeping) dated January 24, 1993; and Schedule C (securities lending transactions) dated January 24, 1993 pertaining to Fidelity Cash Reserves are incorporated herein by reference to as Exhibit 9(b) to Post-Effective Amendment No. 35.

10. Not applicable.

11. (a) Consent of Coopers & Lybrand is filed herein as Exhibit 11(a).

(b) Consent of Price Waterhouse on behalf of Fidelity U.S. Government Reserves is filed herein as Exhibit 11(b).

12. Not applicable.

13. Not applicable.

14. (a) Fidelity Individual Retirement Custodial Agreement and Disclosure Statement, as currently in effect, is incorporated herein by reference to Exhibit 14(a) to Post-Effective Amendment No. 26.

(b) Fidelity Defined Contribution Retirement Plan and Trust Agreement, as currently in effect, is incorporated herein by reference to Exhibit 14(b) to Post-Effective Amendment No. 26.

(c) Fidelity Defined Benefit Pension Plan and Trust, as currently in effect, is incorporated herein by reference to Exhibit 14(c) to Post-Effective Amendment No. 26.

(d) Fidelity Group Individual Retirement Account Custodial Agreement and Disclosure Statement, as currently in effect, is incorporated herein by reference to Exhibit 14(d) to Post-Effective Amendment No. 26.

(e) Fidelity 403(b)(7) Custodial Account Agreement, as currently in effect, is incorporated herein by reference to Exhibit 14(e) to Post-Effective Amendment No. 28.

(f) Fidelity Master Plan for Savings and Investments, as currently in effect, is incorporated herein by reference to Post-Effective Amendment No. 26.

(g) Fidelity 401(a) Prototype Plan for Tax-Exempt Employers, as currently in effect, is incorporated herein by reference to Exhibit 14(g) to Post-Effective Amendment No. 26.

15. Distribution and Service Plan pursuant to Rule 12b-1 for Fidelity Cash Reserves is incorporated herein by reference to Exhibit 15 to Post-Effective Amendment No. 22.

16. A revised schedule for computation of performance calculations is incorporated herein by reference to Exhibit 16 to Post-Effective Amendment No. 32.

Item 25. Persons Controlled by or under Common Control with Registrant

The Board of Trustees of Registrant is substantially the same as the Board of Trustees of other funds advised by FMR, each of which has Fidelity Management and Research Company as its investment adviser. In addition, the officers of these funds are substantially identical. Nonetheless, Registrant takes the position that it is not under common control with these other funds since the power residing in the respective boards and officers arises as the result of an official position with the respective funds.

Item 26. Number of Holders of Securities as of November 30, 1993

Title of Class: Shares of Beneficial Interest

Name of Series Number of Record Holders

Fidelity Cash Reserves 1,126,490

Item 27. Indemnification

Article XI, Section 2 of the Declaration of Trust sets forth the reasonable and fair means for determining whether indemnification shall be provided to any past or present Trustee or officer. It states that the Registrant shall indemnify any present or past Trustee or officer to the fullest extent permitted by law against liability and all expenses reasonably incurred by him in connection with any claim, action, suit or proceeding in which he is involved by virtue of his service as a trustee, an officer, or both. Additionally, amounts paid or incurred in settlement of such matters are covered by this indemnification. Indemnification will not be provided in certain circumstances, however. These include instances of willful misfeasance, bad faith, gross negligence, and reckless disregard of the duties involved in the conduct of the particular office involved.

Item 28. Business and Other Connections of Investment Adviser

(1) FIDELITY MANAGEMENT & RESEARCH COMPANY

FMR serves as investment adviser to a number of other investment companies. The directors and officers of the Adviser have held, during the past two fiscal years, the following positions of a substantial nature.

<TABLE>

<CAPTION>

<S>

<C>

Edward C. Johnson 3d	Chairman of the Executive Committee of FMR; President and Chief Executive Officer of FMR Corp.; Chairman of the Board and a Director of FMR, FMR Corp., FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc. and Fidelity Management & Research (Far East) Inc.; President and Trustee of funds advised by FMR;
----------------------	--

J. Gary Burkhead	President of FMR; Managing Director of FMR Corp.; President and a Director of FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc. and Fidelity Management & Research (Far East) Inc.; Senior Vice President and Trustee of funds advised by FMR.
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Peter S. Lynch	Vice Chairman of FMR (1992).
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David Breazzano	Vice President of FMR (1993) and of a fund advised by FMR.
Stephan Campbell	Vice President of FMR (1993).
Rufus C. Cushman, Jr.	Vice President of FMR and of funds advised by FMR; Corporate Preferred Group Leader.
Will Danoff	Vice President of FMR (1993) and of a fund advised by FMR.
Scott DeSano	Vice President of FMR (1993).
Penelope Dobkin	Vice President of FMR (1990) and of a fund advised by FMR.
Larry Domash	Vice President of FMR (1993).
George Domolky	Vice President of FMR (1993) and of a fund advised by FMR.
Charles F. Dornbush	Senior Vice President of FMR (1991); Chief Financial Officer of the Fidelity funds; Treasurer of FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc., and Fidelity Management & Research (Far East) Inc.
Robert K. Duby	Vice President of FMR.
Margaret L. Eagle	Vice President of FMR and of a fund advised by FMR.
Kathryn L. Eklund	Vice President of FMR (1991).
Richard B. Fentin	Senior Vice President of FMR (1993) and of a fund advised by FMR.
Daniel R. Frank	Vice President of FMR and of funds advised by FMR.
Gary L. French	Vice President of FMR (1991) and Treasurer of the funds advised by FMR (1991). Prior to assuming the position as Treasurer he was Senior Vice President, Fund Accounting - Fidelity Accounting & Custody Services Co. (1991) (Vice President, 1990-1991); and Senior Vice President, Chief Financial and Operations Officer - Huntington Advisers, Inc. (1985-1990).
Michael S. Gray	Vice President of FMR and of funds advised by FMR.
Barry A. Greenfield	Vice President of FMR and of a fund advised by FMR.
William J. Hayes	Senior Vice President of FMR (1989); Income/Growth Group Leader (1990) and International Group Leader

(1990).

Robert Haber Vice President of FMR (1991) and of funds advised by FMR.

Daniel Harmetz Vice President of FMR (1991) and of a fund advised by FMR.

Ellen S. Heller Vice President of FMR (1991).

</TABLE>

John Hickling Vice President of FMR (1993) and of funds advised by FMR.

<TABLE>
<CAPTION>
<S>

<C>

Robert F. Hill Vice President of FMR (1989); and Director of Technical Research.

Stephan Jonas Vice President of FMR (1993).

David B. Jones Vice President of FMR (1993).

Steven Kaye Vice President of FMR (1993) and of a fund advised by FMR.

Frank Knox Vice President of FMR (1993).

Robert A. Lawrence Senior Vice President of FMR (1993); and High Income Group Leader.

Alan Leifer Vice President of FMR and of a fund advised by FMR.

Harris Leviton Vice President of FMR (1993) and of a fund advised by FMR.

Bradford E. Lewis Vice President of FMR (1991) and of funds advised by FMR.

Robert H. Morrison Vice President of FMR and Director of Equity Trading.

David Murphy Vice President of FMR (1991) and of funds advised by FMR.

Jacques Perold Vice President of FMR (1991).

Brian Posner Vice President of FMR (1993) and of a fund advised by FMR.

Anne Punzak	Vice President of FMR (1990) and of funds advised by FMR.
Richard A. Spillane	Vice President of FMR (1990) and of funds advised by FMR; and Director of Equity Research (1989).
Robert E. Stansky	Senior Vice President of FMR (1993) and of funds advised by FMR.
Thomas Steffanci	Senior Vice President of FMR (1993); and Fixed-Income Division Head.
Gary L. Swayze	Vice President of FMR and of funds advised by FMR; and Tax-Free Fixed-Income Group Leader.
Donald Taylor	Vice President of FMR (1993) and of funds advised by FMR.
Beth F. Terrana	Senior Vice President of FMR (1993) and of funds advised by FMR.
Joel Tillinghast	Vice President of FMR (1993) and of a fund advised by FMR.
Robert Tucket	Vice President of FMR (1993).
George A. Vanderheiden	Senior Vice President of FMR; Vice President of funds advised by FMR; and Growth Group Leader (1990).
Jeffrey Vinik	Senior Vice President of FMR (1993) and of a fund advised by FMR.
Guy E. Wickwire	Vice President of FMR and of a fund advised by FMR.
Arthur S. Loring	Senior Vice President (1993), Clerk and General Counsel of FMR; Vice President, Legal of FMR Corp.; and Secretary of funds advised by FMR.

</TABLE>

(2) FMR TEXAS INC. (FMR Texas)

FMR Texas provides investment advisory services to Fidelity Management & Research Company. The directors and officers of the Sub-Adviser have held the following positions of a substantial nature during the past two fiscal years.

<TABLE>

<CAPTION>

<S>

Edward C. Johnson 3d

<C>

Chairman and Director of FMR Texas; Chairman of the Executive Committee of FMR; President and Chief Executive Officer of FMR Corp.; Chairman of the Board and a Director of FMR, FMR Corp., Fidelity Management & Research (Far East) Inc. and Fidelity Management & Research (U.K.) Inc.; President and Trustee of funds advised by FMR.

J. Gary Burkhead	President and Director of FMR Texas; President of FMR; Managing Director of FMR Corp.; President and a Director of Fidelity Management & Research (Far East) Inc. and Fidelity Management & Research (U.K.) Inc.; Senior Vice President and Trustee of funds advised by FMR.
Frederic L. Henning Jr.	Senior Vice President of FMR Texas; Money Market Group Leader.
Leland Baron	Vice President of FMR Texas (1991) and of funds advised by FMR.
Thomas D. Maher	Vice President of FMR Texas.
Burnell Stehman	Vice President of FMR Texas and of funds advised by FMR.
John Todd	Vice President of FMR Texas and of funds advised by FMR.
Sarah H. Zenoble	Vice President of FMR Texas and of funds advised by FMR.
Charles F. Dornbush	Treasurer of FMR Texas; Treasurer of Fidelity Management & Research (U.K.) Inc.; Treasurer of Fidelity Management & Research (Far East) Inc.; Senior Vice President and Chief Financial Officer of the Fidelity funds.
David C. Weinstein	Secretary of FMR Texas; Clerk of Fidelity Management & Research (U.K.) Inc.; Clerk of Fidelity Management & Research (Far East) Inc.

</TABLE>

Item 29. Principal Underwriters

(a) Fidelity Distributors Corporation (FDC) acts as distributor for most funds advised by FMR and the following other funds:

CrestFunds, Inc.
The Victory Funds
ARK Funds
(b)

Name and Principal Business Address*	Positions and Offices With Underwriter	Positions and Offices With Registrant
Edward C. Johnson 3d	Director	Trustee and President
Nita B. Kincaid	Director	None
W. Humphrey Bogart	Director	None
Kurt A. Lange	President and Treasurer	None
William L. Adair	Senior Vice President	None
Thomas W. Littauer	Senior Vice President	None
Arthur S. Loring	Vice President and Clerk	Secretary

* 82 Devonshire Street, Boston, MA
(c) Not applicable.

Item 30. Location of Accounts and Records

All accounts, books, and other documents required to be maintained by Section 31a of the 1940 Act and the Rules promulgated thereunder are maintained by Fidelity Management & Research Company or Fidelity Service Co., 82 Devonshire Street, Boston, MA 02109, or the fund's custodian, The Bank of New York, 110 Washington Street, New York, N.Y.

Item 31. Management Services

Not applicable.

Item 32. Undertakings

Not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for the effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment No. 36 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, and Massachusetts, on the 7th day of January 1994.

FIDELITY PHILLIPS STREET TRUST

By /s/Edward C. Johnson 3d (dagger)

Edward C. Johnson 3d, President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

(Signature) (Title) (Date)

<TABLE>

<CAPTION>

<S>	<C>	<C>
/s/Edward C. Johnson 3d(dagger)	President and Trustee	January 7, 1994

Edward C. Johnson 3d (Principal Executive Officer)

</TABLE>

/s/Gary L. French Treasurer January 7, 1994

Gary L. French

/s/J. Gary Burkhead Trustee January 7, 1994

J. Gary Burkhead

/s/Ralph F. Cox * Trustee January 7, 1994

Ralph F. Cox

/s/Phyllis Burke Davis * Trustee January 7, 1994

Phyllis Burke Davis

/s/Richard J. Flynn * Trustee January 7, 1994

Richard J. Flynn

/s/E. Bradley Jones * Trustee January 7, 1994

E. Bradley Jones

/s/Donald J. Kirk * Trustee January 7, 1994

Donald J. Kirk

/s/Peter S. Lynch * Trustee January 7, 1994

Peter S. Lynch

/s/Edward H. Malone * Trustee January 7, 1994

Edward H. Malone

/s/Marvin L. Mann * Trustee January 7, 1994

Marvin L. Mann

/s/Gerald C. McDonough* Trustee January 7, 1994

Gerald C. McDonough

/s/Thomas R. Williams * Trustee January 7, 1994

Thomas R. Williams

(dagger) Signatures affixed by J. Gary Burkhead pursuant to a power of

attorney dated October 20, 1993 and filed herewith.

* Signature affixed by Robert C. Hacker pursuant to a power of attorney dated October 20, 1993 and filed herewith.

POWER OF ATTORNEY

I, the undersigned President and Director, Trustee or General Partner, as the case may be, of the following investment companies:

<TABLE>	<C>
<CAPTION>	
<S>	
Daily Money Fund	Fidelity Institutional Tax-Exempt Cash Portfolios
Daily Tax-Exempt Money Fund	Fidelity Institutional Investors Trust
Fidelity Beacon Street Trust	Fidelity Money Market Trust II
Fidelity California Municipal Trust II	Fidelity Municipal Trust II
Fidelity Court Street Trust II	Fidelity New York Municipal Trust II
Fidelity Hereford Street Trust	Fidelity Phillips Street Trust
Fidelity Institutional Cash Portfolios	Fidelity Union Street Trust II

</TABLE>

in addition to any other investment company for which Fidelity Management & Research Company acts as investment adviser and for which the undersigned individual serves as President and Board Member (collectively, the "Funds"), hereby severally constitute and appoint J. Gary Burkhead, my true and lawful attorney-in-fact, with full power of substitution, and with full power to sign for me and in my name in the appropriate capacity any Registration Statements of the Funds on Form N-1A, Form N-8A or any successor thereto, any and all subsequent Pre-Effective Amendments or Post-Effective Amendments to said Registration Statements on Form N-1A or any successor thereto, any Registration Statements on Form N-14, and any supplements or other instruments in connection therewith, and generally to do all such things in my name and behalf in connection therewith as said attorney-in-fact deem necessary or appropriate, to comply with the provisions of the Securities Act of 1933 and Investment Company Act of 1940, and all related requirements of the Securities and Exchange Commission. I hereby ratify and confirm all that said attorneys-in-fact or their substitutes may do or cause to be done by virtue hereof.

WITNESS my hand on the date set forth below.
/s/Edward C. Johnson 3d October 20, 1993

Edward C. Johnson 3d

POWER OF ATTORNEY

We, the undersigned Directors, Trustees or General Partners, as the case may be, of the following investment companies:

<TABLE>	<C>
<CAPTION>	
<S>	
Daily Money Fund	Fidelity Institutional Tax-Exempt Cash Portfolios
Daily Tax-Exempt Money Fund	Fidelity Institutional Investors Trust
Fidelity Beacon Street Trust	Fidelity Money Market Trust II
Fidelity California Municipal Trust II	Fidelity Municipal Trust II
Fidelity Court Street Trust II	Fidelity New York Municipal Trust II
Fidelity Hereford Street Trust	Fidelity Phillips Street Trust
Fidelity Institutional Cash Portfolios	Fidelity Union Street Trust II

</TABLE>

in addition to any other investment company for which Fidelity Management & Research Company acts as investment adviser and for which the undersigned individual serves as a Director, Trustee or General Partner (collectively, the "Funds"), hereby severally constitute and appoint Arthur J. Brown, Arthur C. Delibert, Robert C. Hacker, Richard M. Phillips, Dana L. Platt and Stephanie Xupolos, each of them singly, my true and lawful attorney-in-fact, with full power of substitution, and with full power to each of them, to sign for me and my name in the appropriate capacities any Registration Statements of the Funds on Form N-1A or any successor thereto, any and all subsequent Pre-Effective Amendments or Post-Effective Amendments to said Registration Statements on Form N-1A or any successor thereto, any Registration Statements on Form N-14, and any supplements or other instruments in connection therewith, and generally to do all such things in my name and behalf in connection therewith as said attorneys-in-fact deem necessary or appropriate, to comply with the provisions of the Securities Act of 1933 and Investment Company Act of 1940, and all related requirements of the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact or their substitutes may do or cause to be done by virtue hereof.

WITNESS our hands on this twentieth day of October, 1993.
/s/Edward C. Johnson 3d /s/Donald J. Kirk

Edward C. Johnson 3d

Donald J. Kirk

/s/J. Gary Burkhead

/s/Peter S. Lynch

J. Gary Burkhead

Peter S. Lynch

/s/Ralph F. Cox

/s/Marvin L. Mann

Ralph F. Cox

Marvin L. Mann

/s/Phyllis Burke Davis

/s/Edward H. Malone

Phyllis Burke Davis

Edward H. Malone

/s/Richard J. Flynn

/s/Gerald C. McDonough

Richard J. Flynn

Gerald C. McDonough

/s/E. Bradley Jones

/s/Thomas R. Williams

E. Bradley Jones

Thomas R. Williams

FIDELITY

(Registered trademark)
CASH RESERVES

ANNUAL REPORT
NOVEMBER 30, 1993
CONTENTS

CHECK PAGE NUMBERS !!!

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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. NEITHER THE FUND NOR FIDELITY DISTRIBUTORS CORPORATION IS A BANK AND FUND SHARES ARE NOT BACKED OR GUARANTEED BY ANY BANK OR INSURED BY THE FDIC.
PERFORMANCE: THE BOTTOM LINE

To measure a money market fund's performance, you can look at either total return or yield. Total return reflects both the change in a fund's share price over a given period, and reinvestment of its dividends (or income). Yield measures the income paid by a fund. Since a money market fund tries to maintain a \$1 share price, yield is an important measure of performance.

CUMULATIVE TOTAL RETURNS
PERIODS ENDED NOVEMBER 30, 1993 PAST 1 PAST 5 PAST 10

	YEAR	YEARS	YEARS
Fidelity Cash Reserves	2.97%	33.55%	93.21%
Consumer Price Index	2.68%	21.20%	44.07%
Average All Taxable Money Market Fund	2.71%	32.36%	89.54%

CUMULATIVE TOTAL RETURNS reflect actual performance over a specific period. For example, if you invested \$1,000 in a fund that had a 5% return over the past year, you would end up with \$1,050. Comparing the fund's performance to the consumer price index helps show how your investment did compared to inflation. To measure how the fund stacked up against its peers, you can compare its return to the average taxable money market fund's total return. This average currently reflects the performance of 635 money market funds tracked by IBC/Donoghue's MONEY FUND REPORT. (Registered trademark)

AVERAGE ANNUAL TOTAL RETURNS			
PERIODS ENDED NOVEMBER 30, 1993	PAST 1 YEAR	PAST 5 YEARS	PAST 10 YEARS
Fidelity Cash Reserves	2.97%	5.96%	6.81%
Consumer Price Index	2.68%	3.92%	3.72%
Average All Taxable Money Market Fund	2.71%	6.46%	6.60%

AVERAGE ANNUAL TOTAL RETURNS take the fund's actual (or cumulative) return and show you what would have happened if the fund had achieved that return by performing at a constant rate each year.

YIELDS

11/30/92 2/28/93 5/31/93 8/31/93 11/30/93

Fidelity Cash Reserves 3.15% 3.01% 2.83% 2.81% 2.87%
Average All Taxable
Money Market Fund 2.77% 2.71% 2.62% 2.64% 2.69%

MMDA 2.74% 2.66% 2.49% 2.42% 2.35%

Row: 1, Col: 1, Value: 3.15
Row: 1, Col: 2, Value: 2.77
Row: 1, Col: 3, Value: 2.74
Row: 2, Col: 1, Value: 3.01
Row: 2, Col: 2, Value: 2.71
Row: 2, Col: 3, Value: 2.66
Row: 3, Col: 1, Value: 2.83
Row: 3, Col: 2, Value: 2.62
Row: 3, Col: 3, Value: 2.49
Row: 4, Col: 1, Value: 2.81
Row: 4, Col: 2, Value: 2.64
Row: 4, Col: 3, Value: 2.42
Row: 5, Col: 1, Value: 2.87
Row: 5, Col: 2, Value: 2.69
Row: 5, Col: 3, Value: 2.35

Fidelity Cash
Reserves
Average All
Taxable Money
Market Fund

MMDA

4% -
3% -
2% -
1% -

YIELD refers to the income paid by the fund over a given period. Yields for money market funds are usually for seven-day periods, expressed as annual percentage rates. A yield that assumes income earned is reinvested or compounded is called an effective yield. The chart above shows the fund's current seven-day yield at quarterly intervals over the past year. This would have been lower if Fidelity had not reimbursed certain fund expenses. This is compared to similar yields for the average all taxable money market fund and the average bank money market deposit account (MMDA). Figures for the average taxable money market fund are from the IBC/Donoghue's MONEY FUND REPORT. (Registered trademark) The MMDA average is supplied by BANK RATE MONITOR. (double dagger)

A MONEY MARKET FUND'S TOTAL RETURNS AND YIELDS REFLECT PAST RESULTS RATHER THAN PREDICT FUTURE PERFORMANCE.

COMPARING
PERFORMANCE
(checkmark)

There are some important differences between a bank money market deposit account (MMDA) and a money market fund. First, the U.S. government neither insures nor guarantees a money market fund. In fact, there is no assurance that a money fund will maintain a \$1 share price. Second, a money market fund returns to its shareholders income earned by the fund's investments after expenses. This is in contrast to banks, which set their MMDA rates periodically based on current interest rates, competitors' rates, and internal criteria.

FUND TALK: THE MANAGER'S OVERVIEW

An interview with Bob Litterst,
Portfolio Manager of Cash Reserves

Q. BOB, WHAT WAS THE SHORT-TERM MARKET LIKE THIS LAST YEAR?

A. After a fairly volatile first six months, the environment in the second half of the year was stable and trendless. Short-term interest rates remained pretty flat from May on; for example, yields on six-month Treasury bills ranged between just 3.0% and 3.3%. Also, the Federal Reserve kept the federal funds rate at 3%, where it's been since September 1992. So far, the economy has grown at a moderate pace that appears to be sustainable. That, combined with low inflation, is exactly what the Fed likes. That said, the fund's yield closely tracked short-term interest rates; and a very stable rate environment meant there weren't too many opportunities to take advantage of moving rates.

Q. GIVEN THOSE CONFINES, HOW DID YOU POSITION THE FUND IN THE LAST SIX MONTHS?

A. Over the summer, it became clear that yield spreads were tightening - meaning there was less difference between the yields of corporate and Treasury issues with similar maturities. When yields on corporates fell relative to Treasuries, they were no longer as attractive when weighed against their higher risk. So, I increased the percentage of the fund in Treasury and government agency debt - from about 17% at the end of May, to about 25% by the beginning of November. The fund's emphasis on government securities might have caused a slight reduction in yield, but I felt the small yield loss was offset by far greater quality and liquidity. As for the fund's average maturity, I kept it within a range of 60 to 80 days through most of the last six months. That way I was ready to go shorter if interest rates started to rise, but still benefited from higher rates on securities with longer maturities.

Q. WHAT WAS THE RESULT?

A. The fund's seven-day yield on November 30, 1993 was 2.87%, compared to 2.83% at the end of May. For the year ended November 30, the fund had a total return of 2.97%. That beat the 2.71% average total return for all taxable money market funds tracked by IBC/Donoghue.

Q. WHAT'S YOUR OUTLOOK?

A. I believe the economy is showing stable upward momentum that is sustainable, driven primarily by labor market gains and low long-term

interest rates. However, there are still many factors keeping economic growth in check - corporate downsizing, higher taxes and uncertainty over health care among them. I think the next significant move in short-term interest rates will be up. The Fed could trigger a rise in short-term rates by raising the federal funds rate if it perceives inflation is no longer falling. But inflationary pressures appear quite tame; if the Fed acts at all, I think it'll be a gentle nudge.

Q. SO HOW HAVE YOU PREPARED THE FUND FOR A POSSIBLE RISE IN RATES?

A. One way is by purchasing variable and floating rate instruments, now 22% of the fund. These issues are higher yielding because they have longer final maturities. But what makes them unique is a feature that resets their coupons (stated interest rates) at fixed intervals - for example, weekly, monthly or quarterly. When rates are rising, the fund can get a higher coupon on these issues at their reset intervals. Also, I plan on keeping the fund's average maturity in a neutral range - 60-75 days - to allow for flexibility if rates do start creeping up.

FUND FACTS

GOAL: income and share price stability by investing in high quality, short-term investments

START DATE: May 10, 1979

SIZE: as of November 30, 1993, over \$10.3 billion

MANAGER: Robert Litterst, since January 1992; manager, Capital

Reserves Money Market,

Fidelity VIP: Money Market

Portfolio, and Fidelity Money

Market Trust:

Retirement Money Market,

since January 1992

(checkmark)

WORDS TO KNOW

BANKERS' ACCEPTANCE (BA): A short-term note whose payment is guaranteed by a bank.

CERTIFICATE OF DEPOSIT (CD): An interest-bearing deposit with a specific maturity. Large denomination CDs, like the fund buys, have negotiable interest rates and can be sold in the secondary market.

COMMERCIAL PAPER: A short-term note from a bank or corporation.

FEDERAL FUNDS RATE: The interest rate banks charge each other for overnight loans.

MATURITY: The time remaining before an issuer is scheduled to repay the principal amount on a debt security. When the fund's average maturity, weighted by dollar amount, is short, the fund manager is expecting rates to fall. When the average maturity is neutral, the manager wants the flexibility to respond to rising rates, while still capturing a portion of the higher yields available from

issues with longer maturities.
 TIME DEPOSIT (TD): An interest-bearing deposit with a specific maturity. Large denomination TDs, like the fund buys, differ from CDs in that they can't be sold in the secondary market.

INVESTMENT CHANGES

MATURITY DIVERSIFICATION

DAYS % OF FUND ASSETS % OF FUND ASSETS % OF FUND ASSETS

11/30/93 5/31/93 11/30/92

0 - 30 28 38 32

31 - 90 46 28 29

91 - 180 18 25 32

181 - 397 8 9 7

WEIGHTED AVERAGE MATURITY

11/30/93 5/31/93 11/30/92

Fidelity Cash Reserves 79 days 73 days 82 days

Average All Taxable Money

Market Fund* 59 days 64 days 62 days

ASSET ALLOCATION

AS OF 11/30/93 AS OF 5/31/93

Row: 1, Col: 1, Value: 28.0

Row: 1, Col: 2, Value: 34.0

Row: 1, Col: 3, Value: 22.0

Row: 1, Col: 4, Value: 16.0

Row: 1, Col: 1, Value: 41.0

Row: 1, Col: 2, Value: 34.0

Row: 1, Col: 3, Value: 17.0

Row: 1, Col: 4, Value: 8.0

Bank CDs, BAs, TDs, and notes 28%

Commercial

paper 34%

Government

securities 22%

Other 16%

Bank CDs, BAs, TDs, and notes 41%

Commercial

paper 34%

Government

securities 17%

Other 8%

* SOURCE: IBC/DONOGHUE'S MONEY FUND REPORT(Registered trademark)

INVESTMENTS NOVEMBER 30, 1993

Showing Percentage of Total Value of Investments

CERTIFICATES OF DEPOSIT - 20.8%

DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)

DATE TIME OF PURCHASE (000S) (000S)

NEW YORK BRANCH, YANKEE DOLLAR, FOREIGN BANKS - 17.6%

Bank of Tokyo

2/11/94 3.44% \$ 40,000 \$ 40,000 0659932T

Fuji Bank, Ltd.

1/21/94 3.43 50,000 50,000 35999DGS

1/28/94 3.46 50,000 50,000 35999DGU

1/31/94 3.45 80,000 80,000 35999DGT

1/31/94	3.46	45,000	45,000	35999DGX
2/7/94	3.43	50,000	50,000	35999DGW
Industrial Bank of Japan, Ltd.				
1/20/94	3.44	160,000	160,000	4559905P
2/22/94	3.44	25,000	25,000	4559905S
Mitsubishi Bank, Ltd.				
12/6/93	3.19	50,000	50,000	610998TV
1/31/94	3.43	25,000	24,999	610998TT
2/28/94	3.33	75,000	75,001	610998TW
Sakura Bank, Ltd.				
2/1/94	3.45	50,000	50,000	793999HX
Sanwa Bank, Ltd.				
2/14/94	3.44	50,000	49,995	804999LN
Skandinaviska Enskilda Banken				
2/17/94	3.39	80,000	80,000	880992FY
Societe Generale				
4/25/94	3.43	385,000	385,000	833991SK
Sumitomo Bank, Ltd.				
1/31/94	3.45	25,000	25,004	86699EAT
2/24/94	3.45	60,000	60,000	86699EBL
Sweden, Kingdom of (a)				
12/23/93	3.19	430,000	430,000	998999AV
Swedish National Housing Finance Corp. (a)				
2/23/94	3.53	97,000	97,000	956995AM
		1,826,999		
LONDON BRANCH, EURODOLLAR, FOREIGN BANKS - 3.2%				
Banco Bilbao Vizcaya, S.A.				
1/10/94	3.44	30,000	29,996	05999MBA
1/18/94	3.44	10,000	9,999	05999MBB
Mitsubishi Bank, Ltd.				
2/28/94	3.41	50,000	49,999	610998UE
Sumitomo Bank, Ltd.				
1/18/94	3.42	50,000	50,000	86699EAQ
1/18/94	3.43	75,000	75,001	86699EAN
1/19/94	3.45	25,000	25,000	86699EAS
1/26/94	3.49	25,000	24,999	86699EBN
3/7/94	3.35	20,000	19,996	86699EBA
4/27/94	3.43	25,000	24,994	86699EBF
5/24/94	3.50	25,000	25,000	86699EBM
		334,984		
TOTAL CERTIFICATES OF DEPOSIT 2,161,983				
COMMERCIAL PAPER - 33.7%				
DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)				
DATE TIME OF PURCHASE (000S) (000S)				
ABN-AMRO North America, N.V.				
12/6/93	3.22%	\$ 75,000	\$ 74,967	03299BAK
Associates Corporation of North America				
3/9/94	3.38	25,000	24,772	045992TX
Bankers Trust Corporation				
2/16/94	3.37	200,000	198,584	06699FAQ
Bell Atlantic Financial Services				
2/15/94	3.43	40,000	39,713	077994AF
2/22/94	3.43	34,000	33,733	077994AJ
2/25/94	3.43	40,000	39,675	077994AM
CIT Group Holdings, Inc.				
1/12/94	3.33	30,000	29,886	172990NT
3/29/94	3.59	56,000	55,358	172990PH
3/30/94	3.59	60,000	59,306	172990PJ
Commercial Credit Company				
2/14/94	3.40	30,000	29,789	2019904W
CoreStates Capital Corp. (a)				
5/16/94	3.16	25,000	25,000	2186939E
Credit Lyonnais North America				
12/6/93	3.23	50,000	49,978	225995TX
Dean Witter, Discover & Co.				
12/6/93	3.16	20,000	19,991	24240V9P

12/6/93	3.17	25,000	24,989	24240V9N
Den Danske Corporation, Inc.				
3/1/94	3.42	30,000	29,746	250998EA
Ford Motor Credit Corporation				
3/2/94	3.28	40,000	39,672	34599BNM
3/14/94	3.26	110,000	108,987	34599BNA
General Electric Capital Corporation				
2/23/94	3.36	50,000	49,615	369998JP
2/24/94	3.36	50,000	49,610	369998JQ
General Electric Financial Services Inc.				
4/6/94	3.27	13,000	12,854	36999BBA
General Motors Acceptance Corporation				
1/10/94	3.51	100,000	99,614	638998NP
1/12/94	3.51	172,000	171,303	638998NR
2/14/94	3.55	31,000	30,772	638998NV
2/15/94	3.45	100,000	99,282	638998ND
3/9/94	3.45	105,000	104,028	638998MY
Generale Bank				
12/1/93	3.38	15,000	15,000	371995BT
12/10/93	3.38	20,000	19,983	371995BU
Goldman Sachs Group, L.P. (The)				
3/11/94	3.40	85,000	84,205	696992KA
Goldman Sachs Group, L.P. (The) (a)				
6/16/94	3.17	95,000	95,000	696992JE
Hanson Finance (UK) PLC				
3/7/94	3.38	75,000	74,330	41199AAK
COMMERCIAL PAPER - CONTINUED				
DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)				
DATE TIME OF PURCHASE (000S) (000S)				
Household Finance Corporation				
12/6/93	3.23%	\$ 30,000	\$ 29,987	44199DGS
12/7/93	3.22	60,000	59,968	44199DGQ
12/8/93	3.24	44,000	43,972	44199DHE
12/20/93	3.21	20,000	19,966	44199DHH
IBM Credit Corporation				
2/4/94	3.42	25,000	24,847	449991AF
Kingdom of Denmark				
2/10/94	3.38	295,000	293,063	249998BA
2/16/94	3.39	40,000	39,715	249998BB
Leeds Permanent Building Society				
1/31/94	3.46	48,600	48,320	524992FU
Merrill Lynch & Co., Inc. (a)				
2/28/94	3.14	75,000	75,000	59099A7J
Morgan Stanley Group, Inc.				
2/22/94	3.42	115,000	114,101	61799EHP
2/28/94	3.38	115,000	114,048	61799EHT
National & Provincial Building Society				
12/29/93	3.35	25,000	24,936	905998CW
Nationwide Anglia Building Society				
1/18/94	3.31	5,000	4,978	638993GU
1/18/94	3.35	35,000	34,845	638993GT
New Center Asset Trust				
12/6/93	3.16	160,000	159,930	643995AM
1/18/94	3.28	70,000	69,697	643995AF
2/3/94	3.40	25,000	24,850	643995AP
3/1/94	3.41	50,000	49,578	643995AQ
New South Wales Treasury Corp.				
2/23/94	3.43	40,000	39,683	648992AF
Nordbanken North America, Inc.				
1/18/94	3.44	75,000	74,658	684999BX
Norwest Corporation				
3/23/94	3.38	25,000	24,739	66899CBP
NYNEX Corporation				
2/14/94	3.40	38,000	37,733	6707689V
Sears Credit Corp. A				
1/26/94	3.47	50,000	49,732	81299FAP

Sears Roebuck Acceptance Corp.

1/28/94 3.54 50,000 49,716 81299EBY
1/31/94 3.55 50,000 49,702 81299EBW

SPINTAB, AB

2/22/94 3.43 40,000 39,686 848992AR

Sweden, Kingdom of

12/6/93 3.20 15,000 14,993 998999BA

Woolworth Corporation

12/1/93 3.21 50,000 50,000 980991CM

12/2/93 3.21 50,000 49,996 980991CP

TOTAL COMMERCIAL PAPER 3,502,181

FEDERAL AGENCIES - 15.1%

DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)

DATE TIME OF PURCHASE (000S) (000S)

FEDERAL FARM CREDIT BANK - DISCOUNT NOTES - 0.4%

2/4/94 3.21% \$ 28,910 \$ 28,744 313993LP

2/8/94 3.18 15,000 14,909 313993KR

43,653

FEDERAL HOME LOAN BANK - DISCOUNT NOTES - 6.3%

2/3/94 3.20 174,800 173,812 567995ES

2/3/94 3.21 64,000 63,637 567995EK

2/4/94 3.21 15,000 14,914 567995FJ

2/9/94 3.21 70,000 69,566 567995FM

2/15/94 3.21 125,000 124,158 567995FP

2/18/94 3.21 78,700 78,149 567995FN

2/23/94 3.20 135,000 134,001 567995DL

658,237

FEDERAL NATIONAL MORTGAGE ASSOCIATION - DISCOUNT NOTES - 8.4%

12/8/93 3.38 50,000 49,968 31365A9U

12/10/93 3.38 125,000 124,896 31365A9V

12/10/93 3.39 40,000 39,967 31365A9T

2/1/94 3.20 31,815 31,641 9931162C

2/7/94 3.33 200,000 198,764 31365H9G

5/12/94 3.35 80,000 78,812 9931162H

5/17/94 3.25 150,000 147,780 9931148B

7/18/94 3.47 110,000 107,625 9931165W

7/18/94 3.48 100,000 97,837 9931164P

877,290

TOTAL FEDERAL AGENCIES 1,579,180

U.S. TREASURY OBLIGATIONS - 7.3%

U.S. TREASURY BILLS - 7.3%

2/3/94 3.30 405,000 402,660 99399HWH

5/26/94 3.35 265,000 260,725 99399H5F

6/2/94 3.35 100,000 98,332 99399H5F

TOTAL U.S. TREASURY OBLIGATIONS 761,717

BANK NOTES - 0.2%

Old Kent Bank & Trust Company

5/2/94 3.50 25,000 24,997 679999CH

MEDIUM-TERM NOTES (A) - 7.0%

DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)

DATE TIME OF PURCHASE (000S) (000S)

Abbey National PLC, UK

6/24/94 3.24% \$ 45,000 \$ 45,000 007994GK

Abbey National Treasury Service

9/30/94 3.19 435,000 435,000 010998AJ

Beneficial Corporation

2/14/94 3.22 37,000 36,994 08172L9B

Goldman Sachs Group, L.P. (The)

9/1/94 3.50 94,000 94,000 696992KB

Norwest Corporation

3/15/94 3.18 114,000 114,000 66899CBK

TOTAL MEDIUM-TERM NOTES 724,994

SHORT-TERM NOTES (A) - 8.1%

CSA Funding Inc. (A)					
12/7/93	3.44	22,000	22,000	129993AC	
CSA Funding Inc. (B)					
12/7/93	3.42	22,000	22,000	129993AD	
CSA Funding Inc. (C)					
12/7/93	3.42	6,000	6,000	129993AE	
J.P. Morgan Securities					
4/19/94	3.46	111,000	111,000	616998AW	
5/23/94	3.44	185,000	185,000	616998EC	
Norwest Corporation					
8/1/94	3.16	78,000	78,000	66899CBL	
SMM Trust Company (1993-A) (b)					
12/20/93	3.24	278,000	278,000	7845689P	
SMM Trust Company (1993-D) (b)					
1/28/94	3.49	79,000	79,000	7845689S	
SMM Trust Company (1993-E) (b)					
1/13/94	3.42	61,000	61,000	7845689Q	
TOTAL SHORT-TERM NOTES			842,000		
FOREIGN GOVERNMENT OBLIGATIONS (UNITED STATES DOLLARS)					- 1.4%

Canadian Treasury Bills					
5/25/94	3.42	100,000	98,366	136992SR	
5/26/94	3.42	45,000	44,261	136992SS	
TOTAL FOREIGN GOVERNMENT OBLIGATIONS			142,627		
MUNICIPAL BONDS					- 0.4%

New York Public Housing Authority					
12/9/93	3.13	40,000	40,000	6497299L	
REPURCHASE AGREEMENTS - 6.0%					
MATURITY AMOUNT VALUE (NOTE 1)					
(000'S) (000'S)					
WITH KIDDER PEABODY & CO., INC.					
At 3.15%, dated 11/16/93 due 12/7/93:					
U.S. Treasury Obligations					
(principal amount \$100,495)					
5.083% to 5.931%, 10/1/20 to 2/1/23		\$ 100,184	\$ 100,000		
49399DQE in a joint trading account					
(U.S. Treasury Obligations)					
dated 11/30/93, due 12/1/93					
(Note 2)					
At 3.24%		278,744	278,719		
99799MGN	At 3.34%	245,756	245,733	99799MGM	
TOTAL REPURCHASE AGREEMENTS			\$ 624,452		

TOTAL INVESTMENTS - 100% \$ 10,404,131

Total Cost for Income Tax Purposes \$ 10,404,131

LEGEND

(a) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.
(b) Restricted securities - Investment in securities not registered under the Securities Act of 1933 (see Note 2 of Notes to Financial Statements). Additional information on each holding is as follows:

ACQUISITION ACQUISITION
SECURITY DATE COST (000'S)

SMM Trust

Company:

(1993-A) 9/20/93 \$ 278,000

(1993-D) 10/28/93 \$ 79,000

(1993-E) 10/13/93 \$ 61,000

CAPITAL LOSS CARRYFORWARDS

At November 30, 1993, the fund had a capital loss carryforward of approximately \$1,196,000 which will expire on November 30, 2001.

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>

<CAPTION>

<S>

<C>

<C>

AMOUNTS IN THOUSANDS (EXCEPT PER-SHARE AMOUNT) NOVEMBER 30, 1993

1.ASSETS

Investment in securities, at value (including repurchase agreements of \$624,452) (Notes 1 and 2) - See accompanying schedule		\$ 10,404,131
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Cash		34,374
------	--	--------

Receivable for investments sold		121,307
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Interest receivable		15,834
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2.TOTAL ASSETS		10,575,646
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3.LIABILITIES

Payable for investments purchased	\$ 257,344	
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Dividends payable	383	
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Accrued management fee	1,095	
------------------------	-------	--

Other payables and accrued expenses	2,885	
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4.TOTAL LIABILITIES		261,707
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5.NET ASSETS		\$ 10,313,939
--------------	--	---------------

Net Assets consist of:

Paid in capital		\$ 10,313,906
-----------------	--	---------------

Accumulated net realized gain (loss) on investments		33
---	--	----

6.NET ASSETS, for 10,313,906 shares outstanding		\$ 10,313,939
---	--	---------------

7.NET ASSET VALUE, offering price and redemption price per share (\$10,313,939 (divided by) 10,313,906 shares)		\$1.00
--	--	--------

</TABLE>

STATEMENT OF OPERATIONS

AMOUNTS IN THOUSANDS YEAR ENDED NOVEMBER 30, 1993

8.9.INTEREST INCOME	\$ 331,276
---------------------	------------

10.EXPENSES

Management fee (Note 3)	\$ 13,258
-------------------------	-----------

Transfer agent fees (Note 3)	31,208
------------------------------	--------

Accounting fees and expenses (Note 3)	751
---------------------------------------	-----

Non-interested trustees' compensation	66
---------------------------------------	----

Custodian fees and expenses	287
-----------------------------	-----

Registration fees	273	
Reports to shareholders (Note 4)	872	
Audit	92	
Legal	125	
Miscellaneous	343	
11.Total expenses before expense reductions	47,275	
12.Expense reductions (Note 4)	(872)	46,403
13.NET INTEREST INCOME		284,873
14.15.NET REALIZED GAIN (LOSS) ON INVESTMENTS (NOTE 1)		(1,196)
16.NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 283,677

STATEMENT OF CHANGES IN NET ASSETS

<TABLE> <CAPTION> <S> AMOUNTS IN THOUSANDS	<C> YEARS ENDED NOVEMBER 30, 1993	<C> 1992
17.INCREASE (DECREASE) IN NET ASSETS		
Operations	\$ 284,873	\$ 395,276
Net interest income		
Net realized gain (loss) on investments	(1,196)	499
18.NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	283,677	395,775
Dividends to shareholders from net interest income	(284,873)	(395,276)
Share transactions at net asset value of \$1.00 per share Proceeds from sales of shares	17,583,679	13,542,927
Reinvestment of dividends from net interest income	276,200	380,235
Cost of shares redeemed	(17,584,689)	(14,402,740)
Net increase (decrease) in net assets and shares resulting from share transactions	275,190	(479,578)
19.TOTAL INCREASE (DECREASE) IN NET ASSETS	273,994	(479,079)
20.NET ASSETS		
Beginning of period	10,039,945	10,519,024
End of period	\$ 10,313,939	\$ 10,039,945

</TABLE>

FINANCIAL HIGHLIGHTS

<TABLE> <CAPTION> <S>	<C> YEARS ENDED NOVEMBER 30,	<C>	<C>	<C>	<C>
	1993	1992	1991	1990	1989
SELECTED PER-SHARE DATA					
Net asset value, beginning of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
Income from Investment Operations	.029	.038	.061	.076	.086
Net interest income					
Dividends from net interest income	(.029)	(.038)	(.061)	(.076)	(.086)
Net asset value, end of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
TOTAL RETURN	2.97 %	3.90 %	6.23 %	7.87 %	8.94 %
RATIOS AND SUPPLEMENTAL DATA					
Net assets, end of period (in millions)	\$ 10,314	\$ 10,040	\$ 10,519	\$ 10,921	\$ 10,897
Ratio of expenses to average net assets (dagger)	.48 %	.48 %	.58 %	.69 %	.74 %
Ratio of net interest income to average net assets	2.92 %	3.86 %	6.03 %	7.62 %	8.60 %

</TABLE>

(dagger) SEE NOTE 4 OF NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS

For the period ended November 30, 1993

1. SIGNIFICANT ACCOUNTING POLICIES.

Fidelity Cash Reserves (the fund) is a fund of Fidelity Phillips Street Trust (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. At a special meeting of the shareholders of the fund held on December 16, 1992, shareholders approved an Agreement and Plan of Conversion and Termination (the Plan of Conversion), providing for the conversion of the fund from a separate series of a Massachusetts business trust, to a separate series of a Delaware business trust, effective January 24, 1993. The individual investment objective, policies and limitations of the fund remain the same. The following summarizes the significant accounting policies of the fund: SECURITY VALUATION. As permitted under Rule 2a-7 of the Act, and certain conditions therein, securities are valued initially at cost and thereafter assume a constant amortization to maturity of any discount or premium.

INCOME TAXES. As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the fund is not subject to income taxes to the extent that it distributes all of its taxable income for its fiscal year.

INTEREST INCOME. Interest income, which includes amortization of premium and accretion of original issue discount, is accrued as earned.

DISTRIBUTIONS TO SHAREHOLDERS. Dividends are declared daily and paid monthly from net interest income.

SECURITY TRANSACTIONS. Security transactions are accounted for as of trade date. Gains and losses on securities sold are determined on the basis of identified cost.

2. OPERATING POLICIES.

REPURCHASE AGREEMENTS. The fund, through its custodian, receives delivery of the underlying securities, whose market value is required to be at least 102% of the resale price at the time of purchase. The fund's investment adviser, Fidelity Management & Research Company (FMR), is responsible for determining that the value of these underlying securities remains at least equal to the resale price.

JOINT TRADING ACCOUNT. Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the fund, along with other registered investment companies having management contracts with FMR, may transfer uninvested cash balances into a joint trading account. These balances are invested in one or more repurchase agreements that are collateralized by U.S. Treasury or Federal Agency obligations.

RESTRICTED SECURITIES. The fund is permitted to invest in privately placed restricted securities. These securities 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,

2. OPERATING POLICIES -

CONTINUED

RESTRICTED SECURITIES - CONTINUED

and prompt sale at an acceptable price may be difficult. At the end of the period, restricted securities (excluding 144A issues) amounted to \$418,000,000 or 4.05% of net assets.

3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE. As the fund's investment adviser, FMR receives a monthly fee computed daily and paid monthly, based on the fund's gross income at the rate of 4% of the gross income equivalent to an annualized yield of 5% or less, and at the rate of 6% of the gross income in excess of an annualized yield of 5%. For this purpose, gross income includes interest accrued or discount earned (including both original issue and market discount) less amortization of premium. The amount of management fee paid is limited to a weighted average of a graduated series of annual limitation rates ranging from .50% of the fund's average net assets up to \$1.5 billion to .40% of the fund's average net assets in excess of \$6 billion. For the period, the management fee was equivalent to an annual rate of .14% of average net assets.

On November 17, 1993, the shareholders of the fund voted to approve a proposal to amend the management contract (see Note 4). The new management fee will be composed of a basic fund fee rate of .03% of the fund's average net assets, plus a fixed income group fee that varies depending on FMR's total assets under management, and an income based fee. The income based fee is added only when the fund's yield exceeds 5%. At that time the fee would equal 6% of that portion of the fund's gross income that represents a gross yield of more than 5% per year. The maximum income-based component is 0.24% (annualized) of average net assets.

In connection with the Plan of Conversion, a new Management Contract, new Sub-Advisory Agreement, and new Distribution and Service Plan identical to those previously in effect became effective on January 24, 1993.

SUB-ADVISER FEE. As the fund's investment sub-adviser, FMR Texas Inc., a wholly owned subsidiary of FMR, receives a fee from FMR of 50% of the management fee payable to FMR. The fee is paid prior to any voluntary expense reimbursements which may be in effect, and after reducing the fee for any payments by FMR pursuant to the fund's Distribution and Service Plan.

TRANSFER AGENT FEE. Fidelity Service Co. (FSC), an affiliate of FMR, is the fund's transfer, dividend disbursing and shareholder servicing agent. FSC receives fees based on the type, size, number of accounts and the number of transactions made by shareholders. FSC pays for typesetting, printing and mailing of all shareholder reports, except proxy statements.

ACCOUNTING FEE. FSC maintains the fund's accounting records. The fee is based on the level of average net assets for the month plus out-of-pocket expenses.

4. EXPENSE REDUCTION.

A special meeting of shareholders of the fund was held on November 17, 1993. All expenses in connection with this meeting including the preparation of the proxy statement, its enclosures and all solicitations were reimbursed by FMR.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees and Shareholders
of Fidelity Cash Reserves:

We have audited the accompanying statement of assets and liabilities of Fidelity Cash Reserves including the schedule of portfolio investments, as of November 30, 1993, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 1993 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Fidelity Cash Reserves as of November 30, 1993, 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 five years in the period then ended, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND

Dallas, Texas

December 23, 1993

TO VISIT FIDELITY

For directions and hours,
please call 1-800-544-9797.

ARIZONA

7373 N. Scottsdale Road

Scottsdale, AZ

CALIFORNIA

851 Hamilton Avenue

Campbell, CA

527 North Brand Boulevard

Glendale, CA

19100 Von Karman Avenue

Irvine, CA

10100 Santa Monica Blvd.

Los Angeles, CA

811 Wilshire Boulevard

Los Angeles, CA
251 University Avenue
Palo Alto, CA
1760 Challenge Way
Sacramento, CA
7676 Hazard Center Drive
San Diego, CA
455 Market Street
San Francisco, CA
1400 Civic Drive
Walnut Creek, CA
COLORADO
1625 Broadway
Denver, CO
CONNECTICUT
185 Asylum Street
Hartford, CT
265 Church Street
New Haven, CT
300 Atlantic Street
Stamford, CT
DELAWARE
222 Delaware Avenue
Wilmington, DE
FLORIDA
4400 N. Federal Highway
Boca Raton, FL
2249 Galiano Street
Coral Gables, FL
4090 N. Ocean Boulevard
Ft. Lauderdale, FL
4001 Tamiami Trail, North
Naples, FL
32 West Central Boulevard
Orlando, FL
2401 PGA Boulevard
Palm Beach Gardens, FL
8065 Beneva Road, South
Sarasota, FL
2000 66th Street, North
St. Petersburg, FL
GEORGIA
3525 Piedmont Road, N.E.
Atlanta, GA
1000 Abernathy Road
Atlanta, GA
HAWAII
700 Bishop Street
Honolulu, HI
ILLINOIS
215 East Erie Street
Chicago, IL
One North Franklin
Chicago, IL
540 Lake Cook Road
Deerfield, IL
1415 West 22nd Street
Oak Brook, IL
1700 East Golf Road
Schaumburg, IL
LOUISIANA
201 St. Charles Avenue
New Orleans, LA
MAINE
3 Canal Plaza
Portland, ME

MARYLAND

1 West Pennsylvania Ave.
Towson, MD
7401 Wisconsin Avenue
Bethesda, MD

MASSACHUSETTS

470 Boylston Street
Boston, MA
21 Congress Street
Boston, MA
25 State Street
Boston, MA
300 Granite Street
Braintree, MA
101 Cambridge Street
Burlington, MA
416 Belmont Street
Worcester, MA

MICHIGAN

280 North Woodward Ave.
Birmingham, MI
26955 Northwestern Hwy.
Southfield, MI

MINNESOTA

38 South Sixth Street
Minneapolis, MN

MISSOURI

700 West 47th Street
Kansas City, MO
200 North Broadway
St. Louis, MO

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60B South Street
Morristown, NJ
501 Route 17, South
Paramus, NJ
505 Millburn Avenue
Short Hills, NJ

NEW YORK

1050 Franklin Avenue
Garden City, NY
999 Walt Whitman Road
Melville, L.I., NY
71 Broadway
New York, NY
350 Park Avenue
New York, NY
10 Bank Street
White Plains, NY

NORTH CAROLINA

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Durham, NC

OHIO

600 Vine Street
Cincinnati, OH
1903 East Ninth Street
Cleveland, OH
28699 Chagrin Boulevard
Woodmere Village, OH

OREGON

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Portland, OR

PENNSYLVANIA

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Philadelphia, PA
439 Fifth Avenue

Pittsburgh, PA
TENNESSEE
5100 Poplar Avenue
Memphis, TN
TEXAS
10000 Research Boulevard
Austin, TX
7001 Preston Road
Dallas, TX
1155 Dairy Ashford
Houston, TX
1010 Lamar Street
Houston, TX
2701 Drexel Drive
Houston, TX
400 East Las Colinas Blvd.
Irving, TX
14100 San Pedro
San Antonio, TX
UTAH
175 East 400 South Street
Salt Lake City, UT
VERMONT
199 Main Street
Burlington, VT
VIRGINIA
8300 Boone Boulevard
Vienna, VA
WASHINGTON
411 108th Avenue, N.E.
Bellevue, WA
1001 Fourth Avenue
Seattle, WA
WASHINGTON, DC
1775 K Street, N.W.
Washington, DC
WISCONSIN
222 East Wisconsin Avenue
Milwaukee, WI

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Company

Boston, MA

SUB-ADVISER

FMR Texas Inc.

Irving, TX

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Gary L. French, Treasurer

John H. Costello, Assistant Treasurer

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Money Market Fund
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FIDELITY

(Registered trademark)
U.S. GOVERNMENT RESERVES

ANNUAL REPORT
SEPTEMBER 30, 1993
CONTENTS

PERFORMANCE	3	How the fund has done over time.
FUND TALK	5	The manager's review of fund performance, strategy, and outlook.
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INVESTMENTS	8	A complete list of the fund's investments with their market value.
FINANCIAL STATEMENTS	11	Statements of assets and liabilities, operations, and changes in net assets, as well as financial highlights.
NOTES	15	Footnotes to the financial statements.
REPORT OF INDEPENDENT ACCOUNTANTS	18	The auditor's opinion.

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. NEITHER THE FUND NOR FIDELITY DISTRIBUTORS CORPORATION IS A BANK, AND FUND SHARES ARE NOT BACKED OR GUARANTEED BY ANY BANK OR INSURED BY THE FDIC.
PERFORMANCE: THE BOTTOM LINE

To measure a money market fund's performance, you can look at either total return or yield. Total return reflects both the change in a fund's share price over a given period, and reinvestment of its dividends (or income). Yield measures the income paid by a fund. Since a money market fund tries to maintain a \$1 share price, yield is an important measure of performance.

CUMULATIVE TOTAL RETURNS
YEARS ENDED SEPTEMBER 30, 1993 PAST 1 PAST 5 PAST 10
YEAR YEARS YEARS
Fidelity U.S. Government Reserves 2.57% 32.83% 90.41%
Consumer Price Index 2.69% 21.12% 44.09%

Average Government Money Market Fund 2.62% 32.34% 87.53%

CUMULATIVE TOTAL RETURNS reflect actual performance over a specific period. For example, if you invested \$1,000 in a fund that had a 5% return over the past year, you would end up with \$1,050. Comparing the fund's performance to the consumer price index helps show how your investment did compared to inflation. To measure how the fund stacked up against its peers, you can compare its return to the average government money market fund's total returns. This average currently reflects the performance of over 190 government money market funds tracked by IBC/Donoghue's MONEY FUND REPORT. (Registered trademark) (The periods covered by the IBC/Donoghue numbers are the closest available match to those covered by the fund.)

AVERAGE ANNUAL TOTAL RETURNS

YEARS ENDED SEPTEMBER 30, 1993 PAST 1 PAST 5 PAST 10

YEAR YEARS YEARS

Fidelity U.S. Government Reserves 2.57% 5.84% 6.65%

Consumer Price Index 2.69% 3.91% 3.72%

Average Government Money Market Fund 2.62% 5.77% 6.49%

AVERAGE ANNUAL TOTAL RETURNS take the fund's actual (or cumulative) return and show you what would have happened if the fund had achieved that return by performing at a constant rate each year.

YIELDS

9/30/92 12/31/92 3/31/93 6/30/93 9/30/93

Fidelity U.S. Government Reserves 2.87% 2.69% 2.49% 2.46% 2.89%

Average Government

Money Market Fund 2.85% 2.68% 2.56% 2.53% 2.54%

MMDA 2.83% 2.72% 2.58% 2.47% 2.38%

Row: 1, Col: 1, Value: 2.87

Row: 1, Col: 2, Value: 2.85

Row: 1, Col: 3, Value: 2.83

Row: 2, Col: 1, Value: 2.69

Row: 2, Col: 2, Value: 2.68

Row: 2, Col: 3, Value: 2.72

Row: 3, Col: 1, Value: 2.49

Row: 3, Col: 2, Value: 2.56

Row: 3, Col: 3, Value: 2.58

Row: 4, Col: 1, Value: 2.46

Row: 4, Col: 2, Value: 2.53

Row: 4, Col: 3, Value: 2.47

Row: 5, Col: 1, Value: 2.89

Row: 5, Col: 2, Value: 2.54

Row: 5, Col: 3, Value: 2.38

3% -

2% -

1% -

0%

Fidelity

U.S. Government

Reserves

Average Governmen

t

Money Market

Fund

MMDA

YIELD refers to the income paid by the fund over a given period. Yields for money market funds are usually for seven-day periods, expressed as annual percentage rates. A yield that assumes income earned is reinvested or compounded is called an effective yield. The charts above show the fund's

current seven-day yield at quarterly intervals over the past year. This is compared to similar yields for the average government money market fund and the average bank money market deposit account (MMDA). Figures for the average government money market fund are from the IBC/Donoghue's MONEY FUND REPORT. (Registered trademark) The MMDA average is supplied by BANK RATE MONITOR. (double dagger) (Both figures are those available closest to month end.)

A MONEY MARKET FUND'S TOTAL RETURNS AND YIELDS REFLECT PAST RESULTS RATHER THAN PREDICTING FUTURE PERFORMANCE.

COMPARING
PERFORMANCE
(checkmark)

There are some important differences between a bank money market deposit account (MMDA) and a money market fund. First, the U.S. government neither insures nor guarantees a money market fund. In fact, there is no assurance that a money fund will maintain a \$1 share price. Second, a money market fund returns to its shareholders income earned by the fund's investments after expenses. This is in contrast to banks, which set their MMDA rates periodically based on current interest rates, competitors' rates, and internal criteria.

FUND TALK: THE MANAGER'S OVERVIEW

An interview with Leland Barron,
Portfolio Manager of Fidelity U.S. Government Reserves

Q. LOOKING BACK TO SEPTEMBER

1992, WHAT HAS BEEN THE TREND IN
INTEREST RATES?

A. We saw slight moves both up and down. A year ago, interest rates hit a 20-year low after falling six percentage points during the preceding three years. Between October and December 1992 short-term interest rates climbed 3/4 of 1%. That was in part because many economic indicators pointed to a stronger-than-expected recovery, and investors feared a rise in inflation. In early 1993 the market accepted that the economic recovery was sluggish and that President Clinton was serious about reducing the budget deficit. Rates started to fall again, and remained steady during most of the spring. Between May and June short-term rates rose about 1/3 of 1% based on the market's renewed inflation fears. This inflation scare subsided a bit in July, when gold, commodity and consumer prices moderated somewhat. In response, short-term rates dropped about 1/4 of 1%. Recently the Fed indicated that they have adopted a neutral approach regarding monetary policy, which means they don't have a bias towards either raising or lowering interest rates at the present time.

Q. HOW DID YOU ALTER YOUR STRATEGY TO KEEP UP WITH THESE RAPID MOVES?

A. Last September, I began lengthening the fund's average maturity to as far out as 85 days, a move that was fairly aggressive. Interest rates were falling,

and I wanted to lock in attractive rates for as long as possible. After October, I began shortening the fund's maturity again as interest rates rose slightly. By year-end, the maturity had dropped to 46 days and remained in that general area during the first quarter of 1993. Through the second quarter I extended the maturity to between 60 to 70 days.

I didn't expect the Fed to raise rates immediately, and I wanted to take advantage of the rise in interest rates in May and June. As rates declined during the last several months I've kept the maturity at about 64 days.

Q. WHAT WERE THE RESULTS?

A. The fund's seven-day yield as of September 30, 1993 was 2.89%, compared to 2.49% at the end of March and 2.87% at the end of September 1992. The fund's total return for the year ended September 30, 1993 was 2.57%. During the same period, the average government money market fund had a total return of 2.62%, according to IBC/Donoghue. I wasn't as aggressive with the fund's maturity as I could have been because I believed the economy would improve faster than it did, and so, rates would rise more than they did. In hindsight, I missed an opportunity to extend the fund's maturity sooner.

Q. WHAT'S YOUR OUTLOOK?

A. I'm interpreting what Fed officials are currently saying as a sign that they don't see any real economic benefit from lowering short-term rates. On the other hand, there seems to be no real reason to raise rates either. Inflationary pressures -- increases in consumer prices, producer prices and wages -- are mild right now and the economy has been growing at only 2 to 2 1/2 percent annually. I see the Fed holding short-term rates steady over the next six months. So, I'll probably keep a neutral to aggressive strategy, with the average maturity of the fund somewhere in the 65-80 day range. Unless conditions drastically change, I probably won't go lower than the 50s.

FUND FACTS

GOAL: income and stability
by investing in high quality,
short-term investments
START DATE: November 3,
1981
SIZE: as of September 30,
1993, over \$1 billion
MANAGER: Leland Barron,
since July 1991; manager,
Spartan U.S. Government
Money Market Fund, since
July 1991, and Spartan U.S.
Treasury Money Market
Fund, since January 1991
(checkmark)

WORDS TO KNOW

AGENCY ISSUE: Debt security issued by a government agency, such as the Federal National Mortgage Association (Fannie Mae). Although their credit ratings are high, most agency issues are not backed by the full faith and credit of the U.S. government.

AVERAGE MATURITY: The average maturity of debt securities in a fund, weighted by dollar amount. When the average maturity is short, the fund manager believes interest rates will rise. When the average maturity is long, the fund manager is expecting rates to fall.

DISCOUNT RATE: The interest rate the Federal Reserve charges member banks for loans.

FEDERAL FUNDS RATE: The interest rate banks charge each other for overnight loans.

MATURITY: The amount of time remaining before a debt security is scheduled to be redeemed.

REPURCHASE AGREEMENT: Agreement between a seller and a buyer in which the seller promises to repurchase a block of securities at a set price and time. Also known as a "repo."

TREASURY OBLIGATION: Debt security issued directly by the U.S government. Payment of principal and interest are guaranteed.

INVESTMENT CHANGES

MATURITY DIVERSIFICATION

DAYS % OF FUND ASSETS % OF FUND ASSETS % OF FUND ASSETS

	9/30/93	3/31/93	9/30/92
0 - 30	60.0	59.6	36.6
31 - 90	7.6	14.0	15.6
91 - 180	16.6	25.5	40.3
181 - 397	15.8	0.9	7.5

WEIGHTED AVERAGE MATURITY

	9/30/93	3/31/93	9/30/92
Fidelity U.S. Government Reserves	64 days	46 days	85 days
Average Government Money			

Market Fund* 59 days 56 days 60 days
ASSET ALLOCATION
AS OF 9/30/93 AS OF 3/31/93

Row: 1, Col: 1, Value: 30.9
Row: 1, Col: 2, Value: 17.5
Row: 1, Col: 3, Value: 51.6
Row: 1, Col: 4, Value: nil
Row: 1, Col: 1, Value: 28.4
Row: 1, Col: 2, Value: 26.8
Row: 1, Col: 3, Value: 44.8
Row: 1, Col: 4, Value: nil

Federal agency
issues 30.9%
U.S. Treasury
obligations 17.5%
Repurchase
agreements 51.6%
Federal agency
issues 28.4%
U.S. Treasury
obligations 26.8%
Repurchase
agreements 44.8%

* SOURCE: IBC/DONOGHUE'S MONEY FUND REPORT(registered trademark)/GOVERNMENT
INVESTMENTS SEPTEMBER 30, 1993

Showing Percentage of Total Value of Investments

FEDERAL AGENCIES - 30.9%

DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)
DATE TIME OF PURCHASE (000S) (000S)

FEDERAL FARM CREDIT BANK - AGENCY COUPONS - 4.1%

10/1/93 3.21% \$ 18,500 \$ 18,500 313993HX
10/3/94 3.43 25,000 25,003 313993JR
43,503

FEDERAL HOME LOAN BANK - AGENCY COUPONS - 2.9%

4/25/94 3.23 15,000 15,326 567995BM
4/25/94 3.33 15,000 15,505 567995AS
30,831

FEDERAL HOME LOAN BANK - DISCOUNT NOTES - 2.4%

1/19/94 3.19 15,000 14,856 567995BH
4/22/94 3.28 11,000 10,803 3133899B
25,659

FEDERAL HOME LOAN MORTGAGE CORP. - DISCOUNT NOTES - 1.6%

1/19/94 3.19 1,000 990 355993CG
1/20/94 3.15 16,000 15,846 355993FG
16,836

FEDERAL NATIONAL MORTGAGE ASSOC. - DISCOUNT NOTES - 13.5%

11/23/93 3.20 22,000 21,898 31364T9B
11/24/93 3.20 20,000 19,906 31364T9F
12/6/93 3.24 13,000 12,924 31365B9Q
12/31/93 3.29 15,000 14,877 31365D9M
2/28/94 3.22 75,000 74,009 31365R9S
143,614

STUDENT LOAN MARKETING ASSOCIATION - AGENCY COUPONS - 6.4% (A)

10/5/93 3.28 30,000 30,000 863990PS
10/5/93 3.56 15,000 15,091 82399CAU
7/1/94 3.74 23,600 23,600 82399CAU
68,691

TOTAL FEDERAL AGENCIES 329,134

U.S. TREASURY OBLIGATIONS - 17.5%

DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)
DATE TIME OF PURCHASE (000S) (000S)

U.S. TREASURY BILLS
 10/21/93 3.27% \$ 10,000 \$ 9,982 9949989A
 11/18/93 3.16 25,000 24,896 99399HPP
 1/20/94 3.25 25,000 24,753 99399HVB
 2/3/94 3.30 28,000 27,684 99399HWL
 4/7/94 3.35 12,000 11,797 99399HLF
 5/5/94 3.30 12,000 11,770 99399HPC
 5/5/94 3.35 28,000 27,456 99399HPL
 6/2/94 3.47 10,000 9,773 99399HRU
 6/30/94 3.30 39,000 38,057 99399HTS
 TOTAL U.S. TREASURY OBLIGATIONS 186,168

REPURCHASE AGREEMENTS - 51.6%
 MATURITY AMOUNT
 (000S)

With Credit Lyonnais:

At 3.5%, dated 9/30/93 due 10/1/93:
 U.S. Treasury Obligations
 (principal amount \$145,720,000)
 4.25% to 9.5%, 5/15/94 to 5/31/98 \$ 150,014 150,000
 227993LQWith First Boston Corporation:

At 3.15%, dated 9/08/93 due 10/8/93:
 U.S. Government Obligations
 (principal amount \$72,716,873)
 3.65% to 9.5%, 7/01/98 to 7/01/23 51,635 51,500
 310992BDIn a joint trading account
 (U.S. Treasury Obligations)
 dated 9/30/93, due 10/1/93

(Note 2)
 At 3.40% 1,255 1,255
 99799L7EAt 3.53% 347,109 347,075 99799L7C

TOTAL REPURCHASE AGREEMENTS 549,830
 TOTAL INVESTMENTS - 100% \$ 1,065,132
 Total Cost for Income Tax Purposes \$ 1,065,132

LEGEND

(a) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.

INCOME TAX INFORMATION

At September 30, 1993 the fund had a capital loss carryforward of approximately \$436,000 of which \$7,000 and \$429,000 will expire on September 30,1995 and 1996 respectively.

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>
 <CAPTION>
 <S>

AMOUNTS IN THOUSANDS (EXCEPT PER-SHARE AMOUNT) SEPTEMBER 30, 1993

<C> <C>

21.ASSETS

Investment in securities, at value (including repurchase agreements of \$549,830) (Notes 1 and 2) - \$ 1,065,132
 See accompanying schedule

Cash 2,186

Interest receivable 1,814

22.TOTAL ASSETS 1,069,132

23.LIABILITIES

Payable for investments purchased	\$ 25,003
Dividends payable	139
Accrued management fee	166
Other payables and accrued expenses	434
24.TOTAL LIABILITIES	25,742
25.NET ASSETS	\$ 1,043,390
Net Assets consist of:	
Paid in capital	\$ 1,043,766
Accumulated net realized gain (loss) on investments	(376)
26.NET ASSETS, for 1,043,766 shares outstanding	\$ 1,043,390
27.NET ASSET VALUE, offering price and redemption price per share (\$1,043,390 (divided by) 1,043,766 shares)	\$1.00

</TABLE>

STATEMENT OF OPERATIONS
AMOUNTS IN THOUSANDS YEAR ENDED SEPTEMBER 30, 1993

28.INTEREST INCOME	\$ 37,573
29.EXPENSES	
Management fee (Note 4)	\$ 4,887
Transfer agent fees (Note 4)	2,955
Accounting fees and expenses (Note 4)	136
Non-interested trustees' compensation	7
Custodian fees and expenses	65
Registration fees	94
Audit	30
Legal	27
Miscellaneous	87
30.TOTAL EXPENSES	8,288
31.NET INTEREST INCOME	29,285
32.NET REALIZED GAIN (LOSS) ON INVESTMENTS (NOTE 1)	20
33.NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 29,305

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>
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AMOUNTS IN THOUSANDS	YEARS ENDED SEPTEMBER 30,	
	1993	1992
34. INCREASE (DECREASE) IN NET ASSETS		
Operations	\$ 29,285	\$ 51,665
Net interest income		
Net realized gain (loss) on investments	20	23
35. NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	29,305	51,688
Dividends to shareholders from net interest income	(29,285)	(51,665)
Share transactions at net asset value of \$1.00 per share	1,179,994	1,539,954
Proceeds from sales of shares		
Reinvestment of dividends from net interest income	27,738	49,475
Cost of shares redeemed	(1,456,797)	(1,732,610)
Net increase (decrease) in net assets resulting from share transactions	(249,065)	(143,181)
36. TOTAL INCREASE (DECREASE) IN NET ASSETS	(249,045)	(143,158)
37. NET ASSETS		
Beginning of period	1,292,435	1,435,593
End of period	\$ 1,043,390	\$ 1,292,435

</TABLE>

FINANCIAL HIGHLIGHTS
YEARS ENDED SEPTEMBER 30,

<TABLE>
<CAPTION>
<S>

	<C> 1993	<C> 1992	<C> 1991	<C> 1990	<C> 1989
--	-------------	-------------	-------------	-------------	-------------

SELECTED PER-SHARE DATA

Net asset value, beginning of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
Income from Investment Operations	.025	.039	.061	.076	.083
Net interest income					
Dividends from net interest income	(.025)	(.039)	(.061)	(.076)	(.083)
Net asset value, end of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
TOTAL RETURN	2.57%	3.95%	6.29%	7.86%	8.66%

RATIOS AND SUPPLEMENTAL DATA

Net assets, end of period (in millions)	\$ 1,043	\$ 1,292	\$ 1,436	\$ 1,581	\$ 1,545
Ratio of expenses to	.73%	.73%	.72%	.74%	.80%

average net assets

Ratio of net interest income to average net assets	2.57%	3.88%	6.13%	7.66%	8.29%
--	-------	-------	-------	-------	-------

</TABLE>

NOTES TO FINANCIAL STATEMENTS

For the period ended September 30, 1993

1. SIGNIFICANT ACCOUNTING POLICIES.

Fidelity U.S. Government Reserves (the fund) is a fund of Fidelity Charles Street Trust (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. The following summarizes the significant accounting policies of the fund:

SECURITY VALUATION. As permitted under Rule 2a-7 of the 1940 Act, and certain conditions therein, securities are valued initially at cost and thereafter assume a constant amortization to maturity of any discount or premium.

INCOME TAXES. As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the fund is not subject to income taxes to the extent that it distributes all of its taxable income for its fiscal year. The schedule of investments includes information regarding income taxes under the caption "Income Tax Information."

INTEREST INCOME. Interest income, which includes amortization of premium and accretion of original issue discount, is accrued as earned.

EXPENSES. Most expenses of the trust can be directly attributed to a fund. Expenses which cannot be directly attributed are apportioned between the funds in the trust.

DISTRIBUTIONS TO SHAREHOLDERS. Dividends are declared daily and paid monthly from net interest income.

SECURITY TRANSACTIONS. Security transactions are accounted for as of trade date. Gains and losses on securities sold are determined on the basis of identified cost.

CHANGE IN ACCOUNTING FOR THE COST OF INVESTMENTS. Effective October 1, 1992, the fund changed its method of accounting for the cost of investments from the average cost method to the specific identification method. The new method of accounting for the cost of investments was adopted because it better matches specific costs with proceeds from sales of securities and more closely conforms realized gains with related distributions. The change in accounting had no effect on the fund's net assets, net asset value per share, its net increase (decrease) in net assets resulting from operations or its distributions. The change in accounting also had no effect on net accumulated realized gain on investments and net unrealized depreciation in value of investment securities previously reported through September 30, 1992.

2. OPERATING POLICIES.

REPURCHASE AGREEMENTS. The fund, through its custodian, receives delivery of the underlying securities, whose market value is required to be at least 102% of the resale price at the time of purchase. The fund's investment adviser, Fidelity Management & Research Company (FMR), is responsible for determining that the value of these underlying securities remains at least equal to the resale price.

JOINT TRADING ACCOUNT. Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the fund, along with other registered investment

2. OPERATING POLICIES -

CONTINUED

JOINT TRADING ACCOUNT - CONTINUED

companies having management contracts with FMR, may transfer uninvested cash balances into a joint trading account. These balances are invested in

one or more repurchase agreements that are collateralized by U.S. Treasury or Federal Agency obligations.

3. JOINT TRADING ACCOUNT.

At the end of the period, the fund had 20% or more of its total investments in repurchase agreements through a joint trading account. These repurchase agreements were with entities whose creditworthiness has been reviewed and found satisfactory by FMR. The repurchase agreements were dated 9/30/93 and due 10/01/93. The maturity values of the joint trading account investments were \$1,255,000 at 3.40% and \$347,109,000 at 3.53%. The investments in repurchase agreements through the joint trading account are summarized as follows:

SUMMARY OF JOINT TRADING ACCOUNT

	AT 3.40%	AT 3.53%
Number of Dealers or Banks	20	4
Maximum Amount With One Dealer or Bank	\$ 1,844,889,000	\$ 2,750,000,000
Aggregate Principal Amount of Agreements	10,083,337,000	4,450,000,000
Aggregate Maturity Amount of Agreements	10,084,291,000	4,450,436,000
Aggregate Market Value of Collateral	10,297,360,000	4,585,007,000
Coupon Rates of Collateral	3.326%-14.25%	3.236%-11.5%
Maturity Dates of Collateral	11/4/93-11/15/22	1/15/98-11/1/27

4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE.

As the fund's investment adviser, FMR receives a monthly fee that is calculated on the basis of a group fee rate plus a fixed individual fund fee rate applied to the average net assets of the fund. The group fee rate is the weighted average of a series of rates ranging from .15% to .37% and is based on the monthly average net assets of all the mutual funds advised by FMR. The annual individual fund fee rate is .28%. For the period, the management fee was equivalent to an annualized rate of .43% of average net assets.

On December 12, 1991, the Board of

Trustees approved a new group fee rate schedule with rates ranging from .14% to .37%; effective January 1, 1992, FMR has voluntarily agreed to implement this new group fee rate schedule. Effective September 1, 1993, FMR has agreed to voluntarily adopt a revised management fee structure for the fund. The revised structure provides for a lower individual fund fee rate of .03% and the addition of an income component (6% of gross income in excess of a 5% yield, up to a maximum of .24% of average net assets). These changes will provide for lower management fees, and will be presented to shareholders for approval at the next shareholder meeting.

4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES -

CONTINUED

SUB-ADVISER FEE. As the fund's investment sub-adviser, FMR Texas Inc., a wholly owned subsidiary of FMR, receives a fee from FMR of 50% of the management fee payable to FMR. The fee is paid prior to any voluntary expense reimbursements which may be in effect, and after reducing the fee for any payments by FMR pursuant to the fund's Distribution and Service Plan.

TRANSFER AGENT FEE. Fidelity Service Co. (FSC), an affiliate of FMR, is the fund's transfer, dividend disbursing and shareholder servicing agent. FSC receives fees based on the type, size, number of accounts and the number of transactions made by shareholders. FSC pays for typesetting, printing and mailing of all shareholder reports, except proxy statements.

ACCOUNTING FEE.

FSC maintains the fund's accounting records. The fee is based on the level of average net assets for the month plus out-of-pocket expenses.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees and Shareholders of
Fidelity U.S. Government Reserves:

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 Fidelity U.S. Government Reserves at September 30, 1993, and the results of

its operations for the year then ended, the changes in its net assets for each of the two years then ended, and its financial highlights for the periods indicated, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits of these financial statements in accordance with generally accepted auditing standards, which 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 owned at September 30, 1993 by correspondence with the custodian, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE
Dallas, Texas
October 22, 1993
TO CALL FIDELITY

FOR FUND INFORMATION AND QUOTES

The Fidelity Telephone Connection offers you special automated telephone services for quotes and balances. The services are easy to use, confidential and quick. All you need is a Touch Tone telephone.

YOUR PERSONAL IDENTIFICATION NUMBER
(PIN)

The first time you call one of our automated telephone services, we'll ask you

to set up your Personal Identification Number (PIN). The PIN assures that

only you have automated telephone access to your account information.

Please have your Customer Number (T-account #) handy when you call --

you'll need it to establish your PIN. If you would ever like to change your PIN, just choose the "Change your

Personal

Identification Number" option when

you call. If you forget your PIN, please call a Fidelity representative at 1-800-

544-6666 for assistance.

(PHONE_GRAPHIC) (PHONE_GRAPHIC) MUTUAL FUND QUOTES*
1-800-544-8544

Just make a selection from this record-ed menu:

PRESS

For quotes on funds you own.

1.

For an individual fund quote.

2.

For the ten most frequently requested Fidelity fund quotes.

3.

For quotes on Fidelity Select Portfolios. (Registered trademark)

4.

To change your Personal Identification Number (PIN).

5.

To speak with a Fidelity representative.

6.
(PHONE_GRAPHIC) (PHONE_GRAPHIC) MUTUAL FUND ACCOUNT

BALANCES 1-800-544-7544

Just make a selection from this recorded menu:

PRESS

For balances on funds you own.

1.
For your most recent fund activity (purchases, redemptions, and dividends).

2.
To change your Personal Identification Number (PIN).

3.
To speak with a Fidelity representative.

4.
* WHEN YOU CALL THE QUOTES LINE, PLEASE REMEMBER THAT A FUND'S YIELD AND RETURN WILL VARY AND, EXCEPT FOR MONEY MARKET FUNDS, SHARE PRICE WILL ALSO VARY. THIS MEANS THAT YOU MAY HAVE A GAIN OR LOSS WHEN YOU SELL YOUR SHARES. THERE IS NO ASSURANCE THAT MONEY MARKET FUNDS WILL BE ABLE TO MAINTAIN A STABLE \$1 SHARE PRICE; AN INVESTMENT IN A MONEY MARKET FUND IS NOT INSURED OR GUARANTEED BY THE U.S. GOVERNMENT. TOTAL RETURNS ARE HISTORICAL AND INCLUDE CHANGES IN SHARE PRICE, REINVESTMENT OF DIVIDENDS AND CAPITAL GAINS, AND THE EFFECTS OF ANY SALES CHARGES. FOR MORE INFORMATION ON ANY FIDELITY FUND INCLUDING MANAGEMENT FEES AND CHARGES, CALL 1-800-544-8888 FOR A FREE PROSPECTUS. READ IT CAREFULLY BEFORE YOU INVEST OR SEND MONEY.

INVESTMENT ADVISER
Fidelity Management & Research
Company
Boston, MA

SUB-ADVISER
FMR Texas Inc.
Irving, TX

OFFICERS
Edward C. Johnson 3d, President
J. Gary Burkhead, Senior Vice President
Leland Barron, Vice President
Thomas D. Maher, Assistant
Vice President

Gary L. French, Treasurer
John H. Costello, Assistant Treasurer
Arthur S. Loring, Secretary

BOARD OF TRUSTEES
J. Gary Burkhead
Ralph F. Cox*
Richard J. Flynn*
Edward C. Johnson 3d
E. Bradley Jones*
Donald J. Kirk*
Peter S. Lynch
Edward H. Malone*
Gerald C. McDonough*
Thomas R. Williams

GENERAL DISTRIBUTOR
Fidelity Distributors Corporation
Boston, MA
TRANSFER AND SHAREHOLDER
SERVICING AGENT
Fidelity Service Co.
Boston, MA
CUSTODIAN
Morgan Guaranty Trust Co. of New York
New York, NY

FIDELITY'S TAXABLE
MONEY MARKET FUNDS
Fidelity Cash Reserves
Fidelity Daily Income Trust
Fidelity U.S. Government Reserves
Spartan Money Market Fund
Spartan U.S. Government
Money Market Fund
Spartan U.S. Treasury
Money Market Fund

THE FIDELITY

TELEPHONE CONNECTION

MUTUAL FUND 24-HOUR SERVICE

Account Balances ** 1-800-544-7544

Exchanges/Redemptions ** 1-800-544-7777

Mutual Fund Quotes ** 1-800-544-8544

Account Assistance 1-800-544-6666

Product Information 1-800-544-8888

Retirement Accounts 1-800-544-4774 (8 a.m. - 9 p.m.)

TDD Service 1-800-544-0111

for the deaf and hearing impaired

(9 a.m. - 9 p.m. Eastern time)

* INDEPENDENT TRUSTEES

** AUTOMATED LINES FOR QUICKEST SERVICE

Exhibit 11(a)

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus and Statement of Additional Information constituting part of this Post Effective Amendment No. 36 to the Registration Statement on Form N-1A (the "Registration Statement") of Fidelity Phillips Street Trust: Fidelity Cash Reserves of our report dated December 23, 1993, relating to the financial statements and financial highlights, which is incorporated by reference in said Statement of Additional Information.

We further consent to the references to our Firm in the Prospectus and Statement of Additional Information under the headings "Financial Highlights" and "Auditor".

COOPERS & LYBRAND

Dallas, Texas

January 7, 1994

Exhibit 11(b)

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference into the Statement of Additional Information constituting part of this Post Effective Amendment No. 36 to the registration statement on Form N-1A (the "Registration Statement") of our report dated October 22, 1993, relating to the financial statements and financial highlights appearing in the September 30, 1993 Annual Report to Shareholders of Fidelity U. S. Government Reserves, which is incorporated by reference in such Registration Statement. We further consent to the references to us under the headings "Auditor" in the Statement of Additional Information and "Financial Highlights" in the Prospectus.

PRICE WATERHOUSE

January 5, 1994