FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **1995-07-28**
SEC Accession No. 0000927384-95-000017

FILER

VARIABLE INSURANCE PRODUCTS FUND II

CIK:**831016**| State of Incorp.:**MA** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **033-20773** | Film No.: **95557128**

Mailing Address
82 DEVONSHIRE STREET
MAILZONE ZZ2
BOSTON MA 02109

Business Address
82 DEVONSHIRE STREET
MAILZONE ZZ2
BOSTON MA 02109
6174391220

File No. 33-20773
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-1A
REGISTRATION STATEMENT (NO 33-20773)
UNDER THE SECURITIES ACT OF 1933 [ ]
Pre-Effective Amendment No. [ ]
Post-Effective Amendment No. 17 [x]
and
REGISTRATION STATEMENT UNDER THE INVESTMENT [x]
COMPANY ACT OF 1940
Amendment No. [ ]
Variable Insurance Products Fund II
(Exact Name of Registrant as Specified in Declaration of Trust)
82 Devonshire St., Boston, MA 02109
(Address of Principal Executive Office)
Registrant's Telephone Number (617) 570-7000
Arthur S. Loring, Esq.
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 August 25, 1995, pursuant to paragraph (b)
( ) 60 days after filing pursuant to paragraph (a)(i)
( ) On [date] pursuant to paragraph (a)(i) of Rule 485
( ) 75 days after filing pursuant to paragraph (a)(ii)
( ) On [date] pursuant to paragraph (a)(ii) of Rule 485
Registrant has filed a declaration pursuant to Rule 24f-2 under the Investment Company Act of 1940 and filed the notice required by such rule on February 21, 1995.
VARIABLE INSURANCE PRODUCTS FUND II
CROSS REFERENCE SHEET
Form N-1A Item Number
Part A Prospectus Caption

1 a,b Cover Page
2 a,b,c *
3 a,b Financial Highlights
c Performance
4 a(i) FMR and Its Affiliates
a(ii) The Funds at a Glance; Investment Principals and Risks; Securities and Investment Practices; Fundamental Investment Policies and Restrictions
b,c Investment Principals and Risks; Securities and Investment Practices; Fundamental Investment Policies and Restrictions
5 a,b(i) FMR and Its Affiliates
b(ii)(iii),c The Funds at a Glance; FMR and Its Affiliates; Breakdown of Expenses
d FMR and Its Affiliates; Breakdown of Expenses
e Breakdown of Expenses; Other Expenses
f, g Breakdown of Expenses
6 a(i) (ii) Charter; FMR and Its Affiliates; Transaction Details
a(iii) *
b FMR and Its Affiliates
c,d *
e Cover Page, Distributions and Taxes
f,g Distributions and Taxes
7 a FMR and Its Affiliates
b(i),(ii) Financial Highlights; Transaction Details
b(iii,iv,v) *
c,d,e *
f Other Expenses
8 a Transaction Details
b,c *
d Transaction Details
9 *

* Not Applicable

Part B Statement of Additional Information Caption

10,11	Cover Page
12	Description of the Trust
13 a,b,c	Investment Policies and Limitations
d	Portfolio Transactions

14 a,b	Trustees and Officers
c	*
15 a	*
15 b, c	Trustees and Officers
16 a(i)	FMR
a(ii)	Trustees and Officers
a(iii),b	Management Contracts, Contracts with Companies Affiliated with FMR
c	*
d	Contracts with Companies Affiliated with FMR
e	*
f	Distribution and Service Plans
g	*
h	Description of the Trust
i	*Contracts with Companies Affiliated with FMR; Description of the Trust
17 a, c, b, d	Portfolio Transactions
e	*
18 a	Description of the Trust
b	*
19 a	Additional Purchase and Redemption Information
b	Valuation of Portfolio Securities; Additional Purchase and Redemption Information
c	*
20	Taxes
21 a(i),(ii)	Contracts with Companies Affiliated with FMR
a(iii),b,c	*
22	Performance
23	Financial Statements for Investment Grade Bond, Asset Manager and Index 500 Portfolios for the Annual period are incorporated by reference into the Statement of Additional Information. Financial Statements for Contrafund and Asset Manager: Growth Portfolios for the Semiannual period are incorporated by reference into the Statement of Additional Information.

____
* Not Applicable

SUPPLEMENT TO THE
VARIABLE INSURANCE
PRODUCTS FUND II
PROSPECTUS

DATED APRIL 30, 1995
FINANCIAL HIGHLIGHTS
The financial highlights table that follows for Contrafund Portfolio is as of the fund's semiannual period and is unaudited. The financial highlights and the Semiannual report are incorporated by reference into the fund's SAI, which may be obtained free of charge by contacting your insurance company.
SUPPLEMENT TO THE VARIABLE INSURANCE PRODUCTS FUND II PROSPECTUS

DATED APRIL 30, 1995
FINANCIAL HIGHLIGHTS
The financial highlights table that follows for Contrafund Portfolio is as of the fund's semiannual period and is unaudited. The financial highlights and the Semiannual report are incorporated by reference into the fund's SAI, which may be obtained free of charge by contacting your insurance company.
VIPPIIcn-STK-95-1 August 25, 1995
VIPPIIcn-STK-95-1 August 25, 1995
SELECTED PER-SHARE DATA

<TABLE>
<CAPTION>

<S>	<C>
1.Period ended June 30	1995D
2.Net asset value, beginning of period	$ 10.00
3.Income from Investment Operations	
4. Net investment income	.03
5. Net realized and unrealized gain (loss)	2.46
6. Total from investment operations	2.49
7.Net asset value, end of period	$ 12.49
8.Total return B,C	24.90%
9.RATIOS AND SUPPLEMENTAL DATA	
10.Net assets, end of period (in millions)	$ 324,949
11.Ratio of expenses to average net assets	.88% A
12.Ratio of net investment income to average net assets	1.09% A
13.Portfolio turnover rate	110% A

A ANNUALIZED
B THE TOTAL RETURN IS FOR A PERIOD OF LESS THAN ONE YEAR AND IS NOT ANNUALIZED.
C TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
D JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995 (UNAUDITED)

</TABLE>

SELECTED PER-SHARE DATA

<TABLE>
<CAPTION>

<S> <C>

14.Period ended June 30	1995D
15.Net asset value, beginning of period	$ 10.00
16.Income from Investment Operations	
17. Net investment income	.03
18. Net realized and unrealized gain (loss)	2.46
19. Total from investment operations	2.49
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D JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995 (UNAUDITED)

</TABLE>

SUPPLEMENT TO THE VARIABLE INSURANCE PRODUCTS FUND II PROSPECTUS

DATED APRIL 30, 1995

FINANCIAL HIGHLIGHTS

The financial highlights table that follows for Contrafund Portfolio is as of the fund's semiannual period and is unaudited. The financial highlights and the Semiannual report are incorporated by reference into the fund's SAI, which may be obtained free of charge by contacting your insurance company.

SUPPLEMENT TO THE VARIABLE INSURANCE PRODUCTS FUND II PROSPECTUS

DATED APRIL 30, 1995

FINANCIAL HIGHLIGHTS

The financial highlights table that follows for Contrafund Portfolio is as of the fund's semiannual period and is unaudited. The financial highlights and the Semiannual report are incorporated by reference into the fund's SAI, which

may be obtained free of
charge by contacting your
insurance company.
VIPPIIcn-STK-95-1 August 25, 1995
VIPPIIcn-STK-95-1 August 25, 1995
SELECTED PER-SHARE DATA

<TABLE>
<CAPTION>

<S>	<C>
27.Period ended June 30	1995D
28.Net asset value, beginning of period	$ 10.00
29.Income from Investment Operations	
30. Net investment income	.08
31. Net realized and unrealized gain (loss)	1.08
32. Total from investment operations	1.16
33.Net asset value, end of period	$ 11.16
34.Total returnB,C	11.60%
35.RATIOS AND SUPPLEMENTAL DATA	
36.Net assets, end of period (in millions)	$ 34,721
37.Ratio of expenses to average net assetsE	1.00% A
38.Ratio of expenses to average net assets before expense reductionsE	1.51% A
39.Ratio of net investment income to average net assets	2.33% A
40.Portfolio turnover rate	345% A

A ANNUALIZED
B THE TOTAL RETURN IS FOR A PERIOD OF LESS THAN ONE YEAR AND IS NOT ANNUALIZED.
C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIOD SHOWN. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
D JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995 (UNAUDITED)
E EFFECTIVE JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) THE FUND'S INVESTMENT ADVISER VOLUNTARILY AGREED TO LIMIT EXPENSES TO 1.00% OF AVERAGE NET ASSETS.

</TABLE>

SELECTED PER-SHARE DATA

<TABLE>
<CAPTION>

<S>	<C>
41.Period ended June 30	1995D
42.Net asset value, beginning of period	$ 10.00
43.Income from Investment Operations	
44. Net investment income	.08
45. Net realized and unrealized gain (loss)	1.08
46. Total from investment operations	1.16
47.Net asset value, end of period	$ 11.16
48.Total returnB,C	11.60%
49.RATIOS AND SUPPLEMENTAL DATA	
50.Net assets, end of period (in millions)	$ 34,721
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D JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995 (UNAUDITED)
E EFFECTIVE JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) THE FUND'S INVESTMENT ADVISER VOLUNTARILY AGREED TO LIMIT EXPENSES TO 1.00% OF AVERAGE NET ASSETS.

</TABLE>

Please read this prospectus before investing, and keep it on file for future reference. It contains important information to help you decide if the goal of one or more of the funds matches your own.

To learn more about each fund and its investments, you can obtain a copy of the funds' most recent financial report and portfolio listing or a copy of the Statement of Additional Information (SAI) dated April 30, 1995. The SAI has been filed with the Securities and Exchange Commission (SEC) and is incorporated herein by reference (legally forms a part of the prospectus). For a free copy of either document, contact your insurance company

Shares of each fund may only be purchased by the separate accounts of insurance companies, for the purpose of funding variable annuity and variable life insurance contracts. Particular funds may not be available in your state due to various insurance regulations. Please check with your insurance company for available funds. Inclusion of a fund in this Prospectus which is not available in your state is not to be considered a solicitation. This Prospectus should be read in conjunction with the prospectus of the separate account of the specific insurance product which accompanies this Prospectus.

AN INVESTMENT IN ANY FUND IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT, AND THERE CAN BE NO ASSURANCE THAT MONEY MARKET PORTFOLIO WILL MAINTAIN A STABLE $1.00 SHARE PRICE.

HIGH INCOME PORTFOLIO MAY INVEST WITHOUT LIMITATION IN LOWER-QUALITY DEBT SECURITIES, SOMETIMES CALLED "JUNK BONDS." YOU SHOULD CONSIDER THAT THESE SECURITIES CARRY GREATER RISKS, SUCH AS THE RISK OF DEFAULT, THAN OTHER DEBT SECURITIES. REFER TO "INVESTMENT PRINCIPLES AND RISKS" ON PAGE FOR FURTHER INFORMATION.

VARIABLE
INSURANCE
PRODUCTS
FUNDS

Variable Insurance Products Fund and Variable Insurance Products Fund II (the Trusts) are designed to provide investment vehicles for variable annuity and variable life insurance contracts of various insurance companies. The Trusts currently offer the following 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.

VI P -pro-0495

MONEY MARKET FUND
Money Market Portfolio
INCOME FUNDS
Investment Grade Bond Portfolio
High Income Portfolio
ASSET ALLOCATION FUNDS
Asset Manager Portfolio

Asset Manager: Growth Portfolio
GROWTH & INCOME AND GROWTH FUNDS
Equity-Income Portfolio
Index 500 Portfolio
Contrafund Portfolio
Growth Portfolio
Overseas Portfolio
PROSPECTUS
APRIL 30, 1995(FIDELITY_LOGO_GRAPHIC) 82 DEVONSHIRE STREET, BOSTON, MA 02109
CONTENTS

KEY FACTS

THE FUNDS AT A GLANCE
The funds contained in this prospectus are designed to provide investment vehicles for variable annuity and variable life insurance contracts of various insurance companies.
The value of each fund's investments (except Money Market Portfolio) and the income they generate will vary from day to day, and generally reflect market conditions, interest rates, and other company, political, or economic news both here and abroad. In the short-term, stock prices can fluctuate dramatically in response to these factors. Over time, however, stocks have shown greater growth potential than other types of securities. The prices of bonds generally move in the opposite direction from interest rates. Investments in foreign securities may involve risks in addition to those of U.S. investments, including increased political and economic risk, as well as exposure to currency fluctuations. When fund shares are redeemed, they may be worth more or less than their original cost. An investment in any one fund is not in itself a balanced investment plan. As with any mutual fund, there is no assurance that a fund will achieve its goal.
MANAGEMENT: Fidelity Management & Research Company (FMR), 82 Devonshire Street, Boston, Massachusetts, is the management arm of Fidelity Investments, which was established in 1946 and is now America's largest mutual fund manager. Affiliates of FMR may choose investments for some of the funds.
MONEY MARKET FUND
MONEY MARKET PORTFOLIO
GOAL: Income while maintaining a stable $1.00 share price.
STRATEGY: Invests in high-quality, short-term money market securities of all types.
SIZE: As of December 31, 1994, the fund had over $ 748 million in assets.
INCOME FUNDS
INVESTMENT GRADE BOND PORTFOLIO
GOAL: High current income.
STRATEGY: Invests mainly in investment-grade debt securities while maintaining an average portfolio maturity of ten years or less.

SIZE: As of December 31, 1994, the fund had over $111 million in assets.

HIGH INCOME PORTFOLIO

GOAL: High current income.

STRATEGY: Invests mainly in high-yielding debt securities, with an emphasis on lower-quality securities.

SIZE: As of December 31, 1994, the fund had over $ 569 million in assets.

ASSET ALLOCATION FUNDS

ASSET MANAGER PORTFOLIO

GOAL: High total return with reduced risk over the long-term.

STRATEGY: The fund diversifies across stocks, bonds , and short-term instruments, both here and abroad, to pursue its goal. The fund has a neutral mix which represents the way the fund's investments will generally be allocated over the long term. This mix will vary over short-term periods as fund management gradually adjusts the fund's holdings - within defined ranges - based on the current outlook for the different markets.

Neutral Mix
Stocks 40%
(can range
from
10-60%)
Row: 1, Col: 1, Value: 20.0
Row: 1, Col: 2, Value: 40.0
Row: 1, Col: 3, Value: 40.0
Bonds 40%
(can range
from
20-60%)
Short-term
20%
(can range
from
0-70%)

SIZE: As of December 31, 1994, the fund had over $ 3.2 billion in assets.

ASSET MANAGER: GROWTH PORTFOLIO

GOAL: To seek maximum total return over the long term.

STRATEGY: The fund diversifies across stocks, bonds , and short-term instruments, both here and abroad, to pursue its goal. The fund has a neutral mix which represents the way the fund's investments will generally be allocated over the long term. This mix will vary over short-term periods as fund management gradually adjusts the fund's holdings - within defined ranges - based on the current outlook for the different markets.

Neutral Mix
Stocks 65%
(can range
from
0-100%)
Row: 1, Col: 1, Value: 5.0
Row: 1, Col: 2, Value: 65.0
Row: 1, Col: 3, Value: 30.0
Bonds 30%
(can range
from
0-100%)
Short-Term
5%
(can range
from
0-100%)

GROWTH & INCOME AND GROWTH FUNDS

EQUITY-INCOME PORTFOLIO

GOAL: Reasonable income. The fund also considers the potential for capital appreciation.

STRATEGY: Invests mainly in income-producing equity securities.

SIZE: As of December 31, 1994, the fund had over $ 2.2 billion in assets.

INDEX 500 PORTFOLIO

GOAL: Total return that corresponds to that of the Standard & Poor's Composite Index of 500 Stocks (S&P 500(registered trademark)).

STRATEGY: Invests in equity securities of companies that compose the S&P 500 and in other instruments that are based on the value of the index.

SIZE: As of December 31, 1994, the fund had over $ 51 million in assets.

CONTRAFUND PORTFOLIO

GOAL: To seek capital appreciation (increase in the value of the fund's shares).

STRATEGY: Invests mainly in equity securities of companies that are undervalued or out-of-favor.

GROWTH PORTFOLIO

GOAL: Capital Appreciation (increase in the value of the fund's shares).

STRATEGY: Invests mainly in common stocks, although its investments are not restricted to any one type of security.

SIZE: As of December 31, 1994, the fund had over $ 2.1 billion in assets.

OVERSEAS PORTFOLIO

GOAL: Long-term growth of capital.

STRATEGY: Invests mainly in equity securities outside of the U.S.

SIZE: As of December 31, 1994, the fund had over $ 1.2 b illion in assets.

FINANCIAL HIGHLIGHTS

The financial highlights tables that follow are included in the funds ' Annual Report and have been audited by either Coopers & Lybrand L.L.P. (Money Market, High Income, Equity-Income, Growth and Overseas) or Price Waterhouse LLP, (Investment Grade Bond, Asset Manager and Index 500) independent accountants. Their reports on the financial statements and financial highlights are included in the Annual Reports. Financial highlights for Asset Manager: Growth and Contrafund Portfolios are not included as they did not commence operations until January 3, 1995. The financial statements, the financial highlights, and the reports are incorporated by reference into the funds' SAI's, which may be obtained free of charge from your insurance company.

VIP: MONEY MARKET PORTFOLIO

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<C> <C> <C> <C> <C> <C> <C> <C> <C> <C>

1.Selected Per-Share Data and Ratios										
2.Years ended December 31	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
3.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
4.Income from Investment Operations Net interest income	.078	.065	.063	.071	.087	.078	.059	.038	.032	.042
5.Less Distributions From net interest income	(.078)	(.065)	(.063)	(.071)	(.087)	(.078)	(.059)	(.038)	(.032)	(.042)
6.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
7.Total return	8.11%	6.70%	6.44%	7.39%	9.12%	8.04%	6.09%	3.90%	3.23% B	4.25%
8.Net assets, end of period (in millions)	$ 82	$ 65	$ 88	$ 106	$ 143	$ 255	$ 271	$ 301	$ 353	$ 749
9.Ratio of expenses to average net assets	.56%	.50%	.54%	.60%	.67%	.56%	.38%	.24%	.22%A	.27%
10.Ratio of net interest income to average net assets	7.81%	6.52%	6.38%	7.16%	8.70%	7.76%	5.93%	3.85%	3.16%	4.32%

</TABLE>

A ALL EXPENSES INCURRED IN CONNECTION WITH A SPECIAL MEETING OF SHAREHOLDERS WERE REIMBURSED BY FMR. IF NO REIMBURSEMENT HAD BEEN MADE,

TOTAL EXPENSE WOULD HAVE BEEN .23%
BTHE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIODS SHOWN. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
VIP: HIGH INCOME PORTFOLIO

<TABLE>
<CAPTION>
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<C> <C> <C> <C> <C> <C> <C> <C> <C> <C>

11.Selected Per-Share Data and Ratios

12.Years ended December 31	1985D	1986	1987	1988	1989	1990	1991	1992	1993	1994
13.Net asset value, beginning of period	$ 10.000	$ 10.310	$ 10.830	$ 9.680	$ 9.660	$ 8.110	$ 7.070	$ 9.550	$ 10.820	$ 11.990
14.Income from Investment Operations Net investment income	.319	1.227	1.155	1.110	1.202	.858	.890	.790	.728	.770
15. Net realized and unrealized gain (loss) on investments	.310	.520	(1.000)	(.020)	(1.550)	(1.040)	1.590	1.290	1.332	(.910)
16. Total from investment operations	.629	1.747	.155	1.090	(.348)	(.182)	2.480	2.080	2.060	(.140)
17.Less Distributions From net investment income	(.319)	(1.227)	(1.155)	(1.110)	(1.202)	(.858)	--	(.810)	(.794)	(.730)
18. In excess of net investment income	- --	--	--	--	--	--	--	--	(.036)	--
19. From net realized gain on investments	- --	--	(.150)	--	--	--	--	--	(.060)	(.370)
20. Total distributions	(.319)	(1.227)	(1.305)	(1.110)	(1.202)	(.858)	--	(.810)	(.890)	(1.100)
21.Net asset value, end of period	$ 10.310	$ 10.830	$ 9.680	$ 9.660	$ 8.110	$ 7.070	$ 9.550	$ 10.820	$ 11.990	$ 10.750
22.Total returnB,C	6.38 %	17.68 %	1.22 %	11.64 %	(4.17) %	(2.23) %	35.08 %	23.17 %	20.40 %	(1.64) %
23.Net assets, end of period (In millions)	$ 2	$ 13	$ 19	$ 30	$ 34	$ 30	$ 70	$ 201	$ 464	$ 569
24.Ratio of expenses to average net assetsE	.78% A	1.00 %	1.02 %	.99%	.93%	1.00 %	.97%	.67%	.64%F	.71%

25.Ratio of expenses to average net assets before expense reductionsE	1.50%A	1.50%	1.29%	.99%	.93%	1.12%	.97%	.67%	.66%	.71%
26.Ratio of net investment income to average net assets	12.10%A	11.32%	11.19%	11.41%	12.94%	11.36%	12.94%	10.98%	8.69%	8.75%
27.Portfolio turnover rate	27%A	78%	189%	139%	124%	156%	154%	160%	155%	122%

</TABLE>

A ANNUALIZED
B THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIODS SHOWN.
C TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION IF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
D FROM SEPTEMBER 19, 1985 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 1985.
E DURING THE PERIOD SEPTEMBER 19, 1985 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 1985, FMR AGREED TO VOLUNTARILY WAIVE ADVISORY AND SERVICE FEES. IN ADDITION, FMR VOLUNTARILY AGREED TO REIMBURSE THE FUND TO EXTENT THAT THE AGGREGATE OPERATING EXPENSES WERE IN EXCESS OF AN ANNUAL RATE OF .78% OF AVERAGE NET ASSETS. EFFECTIVE JANUARY 1, 1986, FMR VOLUNTARILY AGREED TO REIMBURSE THE FUND'S OPERATING EXPENSES (EXCLUDING INTEREST, TAXES, BROKERAGE COMMISSIONS AND EXTRAORDINARY EXPENSES) ABOVE AN ANNUAL RATE OF 1.00% OF AVERAGE NET ASSETS.
F DURING 1993, FMR REIMBURSED THE FUND FOR ALL EXPENSES IN CONNECTION WITH A SPECIAL MEETING OF SHAREHOLDERS, INCLUDING THE PREPARATION OF THE PROXY STATEMENT.
VIP: EQUITY-INCOME

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
28.Selected Per-Share Data and Ratios									
29.Years ended December 31	1986D	1987	1988	1989	1990	1991	1992	1993	1994
30.Net asset value, beginning of period	$ 10.00	$ 10.02	$ 9.42	$ 11.01	$ 12.29	$ 9.51	$ 11.85	$ 13.40	$ 15.44
31.Income from Investment Operations									
32. Net investment income	.06	.45	.53	.60	.58	.50	.40	.37	.41
33. Net realized and unrealized gain (loss) on investments	(.04)	(.51)	1.59	1.29	(2.38)	2.43	1.57	2.06	.64
34. Total from investment operations	.02	(.06)	2.12	1.89	(1.80)	2.93	1.97	2.43	1.05
35.Less Distributions									
36. From net investment income	--	(.40)	(.53)	(.52)	(.59)	(.59)	(.42)	(.35)	(.37)
37. In excess of net investment income	--	--	--	--	--	--	--	(.04)	--
38. From net realized gain	--	(.14)	--	(.09)	(.39)	--	--	--	(.77)
39. Total distributions	--	(.54)	(.53)	(.61)	(.98)	(.59)	(.42)	(.39)	(1.14)
40.Net asset value, end of period	$ 10.02	$ 9.42	$ 11.01	$ 12.29	$ 9.51	$ 11.85	$ 13.40	$ 15.44	$ 15.35

41.Total return B,C	.20%	(1.13)%	22.71%	17.34%	(15.29)%	31.44%	16.89%	18.29%	7.07%
42.Net assets, end of period (in millions)	$ 4	$ 26	$ 52	$ 143	$ 154	$ 282	$ 593	$ 1,319	$ 2,284
43.Ratio of expenses to average net assetsE	1.50%A	1.33%	1.13%	.85%	.78%	.74%	.65%	.62%	.58%F
44.Ratio of expenses to average net assets before expense reductionsE	4.83%A	1.33%	1.13%	.85%	.78%	.74%	.65%	.62%	.60%F
45.Ratio of net investment income to average net assets	5.23%A	4.78%	5.36%	5.82%	6.01%	4.83%	3.52%	2.87%	2.83%
46.Portfolio turnover rate	7%A	133%	69%	78%	94%	107%	74%	120%	134%

</TABLE>

A ANNUALIZED
B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIODS SHOWN.
D FROM OCTOBER 9, 1986 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31,1986.
E EFFECTIVE OCTOBER 9, 1986, FMR VOLUNTARILY AGREED TO REIMBURSE THE FUND'S OPERATING EXPENSES (EXCLUDING INTEREST, TAXES, BROKERAGE COMMISSIONS AND EXTRAORDINARY EXPENSES) ABOVE AN ANNUAL RATE OF 1.50% OF AVERAGE NET ASSETS.
F FMR HAS DIRECTED CERTAIN PORTFOLIO TRADES TO BROKERS WHO PAID A PORTION OF THE FUND'S EXPENSES.
VIP: GROWTH

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
47.Selected Per-Share Data and Ratios									
48.Year ended December 31	1986D	1987	1988	1989	1990	1991	1992	1993	1994
49.Net asset value, beginning of period	$ 10.00	$ 10.03	$ 10.14	$ 11.72	$ 15.18	$ 12.91	$ 18.51	$ 19.76	$ 23.08
50.Income from Investment Operations									
51. Net investment income	.04	.10	.19	.24	.24	.09F	.09	.12	.12
52. Net realized and unrealized gain (loss) on investments	(.01)	.27	1.39	3.41	(1.98)	5.72	1.64	3.64	(.12)
53. Total from investment operations	.03	.37	1.58	3.65	(1.74)	5.81	1.73	3.76	--
54.Less Distributions									
55. From net investment income	--	(.11)	--	(.19)	(.21)	(.21)	(.05)	(.11)	(.12)
56. From net realized gain	--	(.15)	--	--	(.32)	--	(.43)	(.21)	(1.27)
57. In excess of net realized gain	--	--	--	--	--	--	--	(.12)	--
58. Total distributions	--	(.26)	--	(.19)	(.53)	(.21)	(.48)	(.44)	(1.39)
59.Net asset value, end of period	$ 10.03	$ 10.14	$ 11.72	$ 15.18	$ 12.91	$ 18.51	$ 19.76	$ 23.08	$ 21.69
60.Total returnB,C	.30%	3.66	15.58	31.51	(11.73	45.51	9.32	19.37	(.02)

		%	%	%	)%	%	%	%	%
61.Net assets, end of period (In millions)	$ 2	$ 19	$ 29	$ 77	$ 135	$ 371	$ 750	$ 1,38 4	$ 2,14 2
62.Ratio of expenses to average net assetsE	1.50 %A	1.50 %	1.24 %	1.02 %	.88%	.84%	.75%	.71%	.69% G
63.Ratio of expenses to average net assets before expense reductionsE	5.57 %A	1.68 %	1.24 %	1.02 %	.88%	.84%	.75%	.71%	.70% G
64.Ratio of net investment income to average net assets	3.27 %A	1.78 %	1.91 %	2.83 %	2.69%	.56%	.83%	.72%	.69%
65.Portfolio turnover rate	--	37%	155%	111%	88%	261%	262%	159%	122%

</TABLE>

A ANNUALIZED
B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIODS SHOWN.
D FROM OCTOBER 9, 1986 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31,1986.
E EFFECTIVE OCTOBER 9, 1986, FMR VOLUNTARILY AGREED TO REIMBURSE THE FUND'S OPERATING EXPENSES (EXCLUDING INTEREST, TAXES, BROKERAGE COMMISSIONS AND EXTRAORDINARY EXPENSES) ABOVE AN ANNUAL RATE OF 1.50% OF AVERAGE NET ASSETS.
F NET INVESTMENT INCOME PER SHARE HAS BEEN CALCULATED BASED ON AVERAGE SHARES OUTSTANDING DURING THE PERIOD.
G FMR HAS DIRECTED CERTAIN PORTFOLIO TRADES TO BROKERS WHO PAID A PORTION OF THE FUND'S EXPENSES.
VIP: OVERSEAS

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
66.Selected Per-Share Data and Ratios								
67.Years ended December 31	1987D	1988	1989	1990	1991	1992	1993	1994
68.Net asset value, beginning of period	$ 10.00	$ 9.35	$ 10.11	$ 12.67	$ 12.42	$ 13.09	$ 11.53	$ 15.48
69.Income from Investment Operations								
70. Net investment income	.05	.09	.07	.18	.24	.16	.06	.19
71. Net realized and unrealized gain (loss) on investments	(.59)	.67	2.57	(.39)	.74	(1.54)	4.16	.08
72. Total from investment operations	(.54)	.76	2.64	(.21)	.98	(1.38)	4.22	.27
73.Less Distributions								
74. From net investment income	(.11)	--	(.08)	(.04)	(.17)	(.18)	(.18)	(.08)
75. In excess of net investment income	--	--	--	--	--	--	(.04)	--
76. From net realized gain	--	--	--	--	(.14)F	--	-	--
77. In excess of net realized gain	--	--	--	--	--	--	(.05)	--
78. Total distributions	(.11)	--	(.08)	(.04)	(.31)	(.18)	(.27)	(.08)
79.Net asset value, end of period	$ 9.35	$ 10.11	$ 12.67	$ 12.42	$ 13.09	$ 11.53	$ 15.48	$ 15.67

80.Total return B,C	(5.38)%	8.13%	26.28%	(1.67)%	8.00%	(10.72)	37.35%	1.72%
81.Net assets, end of period (In millions)	$ 7	$ 9	$ 26	$ 81	$ 126	$ 181	$ 778	$ 1,298
82.Ratio of expenses to average net assetsE	1.50%A	1.50%	1.50%	1.41%	1.26%	1.14%	1.03%	.92%
83.Ratio of expenses to average net assets before expense reductionsE	3.94%A	3.17%	1.98%	1.41%	1.26%	1.14%	1.03%	.92%
84.Ratio of net investment income to average net assets	.78%A	.84%	.66%	1.89%	2.33%	1.86%	1.21%	1.28%
85.Portfolio turnover rate	181%A	95%	78%	100%	168%	61%	42%	42%

</TABLE>

A ANNUALIZED
B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIODS SHOWN.
D FROM JANUARY 28, 1987 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31,1987.
E EFFECTIVE JANUARY 28, 1987, FMR VOLUNTARILY AGREED TO REIMBURSE THE FUND'S OPERATING EXPENSES (EXCLUDING INTEREST, TAXES, BROKERAGE COMMISSIONS AND EXTRAORDINARY EXPENSES) ABOVE AN ANNUAL RATE OF 1.50% OF AVERAGE NET ASSETS.
F INCLUDES AMOUNTS DISTRIBUTED FROM NET REALIZED GAINS ON FOREIGN CURRENCY RELATED TRANSACTIONS TAXABLE AS ORDINARY INCOME.
VIPII: INVESTMENT GRADE BOND PORTFOLIO

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
86.Selected Per-Share Data							
87.Years ended December 31	1988D	1989	1990	1991	1992	1993	1994
88.Net asset value, beginning of period	$ 10.000	$ 10.000	$ 10.140	$ 9.920	$ 11.080	$ 10.970	$ 11.480
89.Income from Investment Operations Net investment income	.052	.827	.826	.455	.672	.641	.733
90. Net realized and unrealized gain (loss) on investments	--	.160	(.220)	1.165	.058	.559	(1.163)
91. Total from investment operations	.052	.987	.606	1.620	.730	1.200	(.430)
92.Less Distributions From net investment income	(.052)	(.827)	(.826)	(.460)	(.680)	(.628)	--
93. In excess of net investment income	--	--	--	--	--	(.002)	--
94. From net realized gain on investments	--	(.020)	--	--	(.160)	(.050)	(.010)
95. In excess of net realized gain	--	--	--	--	--	(.010)	(.020)
96. Total distributions	(.052)	(.847)	(.826)	(.460)	(.840)	(.690)	(.030)
97.Net asset value, end	$ 10.000	$ 10.140	$ 9.920	$ 11.080	$ 10.970	$ 11.480	$ 11.020

of period							
98.Total returnB,C	.52%	10.26%	6.21%	16.38%	6.65%	10.96%	(3.76)%
99.Net assets, end of period (in millions)	$ 3	$ 6	$ 14	$ 45	$ 74	$ 122	$ 111
100.Ratio of expenses to average net assetsE	.80%A	.80%	.80%	.80%	.76%	.68%	.67%
101.Ratio of expenses to average net assets before expense reductionsE	5.71%A	3.53%	2.20%	1.16%	.76%	.68%	.67%
102.Ratio of net investment income to average net assets	6.99%A	8.19%	8.26%	7.73%	7.11%	6.85%	6.53%
103.Portfolio turnover rate	--	67%	122%	128%	119%	70%	143%

</TABLE>

A ANNUALIZED
B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIODS SHOWN.
D FROM DECEMBER 5, 1988 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31,1988.
E EFFECTIVE DECEMBER 5, 1988, THE FUND'S INVESTMENT ADVISOR VOLUNTARILY AGREED TO LIMIT EXPENSES TO .80% OF AVERAGE NET ASSETS.
VIPII: ASSET MANAGER

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>
104.Selected Per-Share Data and Ratios						
105.Years ended December 31	1989D	1990	1991	1992	1993	1994
106.Net asset value, beginning of period	$ 10.00	$ 9.97	$ 10.24	$ 12.55	$ 13.32	$ 15.42
107.Income from Investment Operations						
108. Net investment income	.09	.41	.35	.32	.33	.45
109. Net realized and unrealized gain (loss) on investments	(.01)	.26	1.96	1.09	2.39	(1.33)
110. Total from investment operations	.08	.67	2.31	1.41	2.72	(.88)
111.Less Distributions						
112. From net investment income	(.09)	(.40)	--	(.31)	(.33)	(.29)
113. In excess of net investment income	--	--	--	-	(.04)	--
114. From net realized gain	(.02)	--	--	(.33)	(.25)	(.46)
115. Total distributions	(.11)	(.40)	--	(.64)	(.62)	(.75)
116.Net asset value, end of period	$ 9.97	$ 10.24	$ 12.55	$ 13.32	$ 15.42	$ 13.79
117.Total returnB,C	.81%	6.72%	22.56%	11.71%	21.23%	(6.09)%
118.Net assets, end of period (in millions)	$ 7	$ 36	$ 194	$ 732	$ 2,423	$ 3,291

119.Ratio of expenses to average net assetsE	2.50% A	1.25%	1.08%	.91%	.88%	.80% F
120.Ratio of expenses to average net assets before expense reductionsE	4.39% A	1.54%	1.08%	.91%	.88%	.81% F
121.Ratio of net investment income to average net assets	4.77% A	5.92%	5.89%	4.89%	3.64%	4.07%
122.Portfolio turnover rate	158% A	117%	110%	92%	113%	85%

</TABLE>

A ANNUALIZED
B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIODS SHOWN.
D FROM SEPTEMBER 6, 1989 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31,1989.
E EFFECTIVE JANUARY 1, 1990, THE FUND'S INVESTMENT ADVISOR VOLUNTARILY AGREED TO LIMIT EXPENSES TO 1.25% OF AVERAGE NET ASSETS. FOR THE PERIOD SEPTEMBER 6, 1989 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 1989, EXPENSES WERE VOLUNTARILY LIMITED BY THE INVESTMENT ADVISOR TO 2.50% OF AVERAGE NET ASSETS.
F FMR HAS DIRECTED CERTAIN PORTFOLIO TRADES TO BROKERS WHO PAID A PORTION OF THE FUND'S EXPENSES.
VIPII: INDEX 500 PORTFOLIO

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>
123.Selected Per-Share Data			
124.Years ended December 31	1992D	1993	1994
125.Net asset value, beginning of period	$ 50.00	$ 52.60	$ 55.74
126.Income from Investment Operations			
127. Net investment income	.44	1.31	1.14
128. Net realized and unrealized gain (loss) on investments	2.71	3.80	(.56)
129. Total from investment operations	3.15	5.11	.58
130.Less Distributions			
131. From net investment income	(.47)	(1.28)	--
132. From net realized gain	(.08)	(.60)	(.10)
133. In excess of net realized gain	--	(.09)	--
134. Total distributions	(.55)	(1.97)	(.10)
135.Net asset value, end of period	$ 52.60	$ 55.74	$ 56.22
136.Total returnB,C	6.31%	9.74%	1.04%
137.Net assets, end of period (in millions)	$ 18	$ 25	$ 51
138.Ratio of expenses to average net assetsE	.28% A	.28%	.28%
139.Ratio of expenses to average net assets before expense reductionsE	1.77% A	.95%	.81%
140.Ratio of net investment income to average net assets	2.89% A	2.65%	2.81%
141.Portfolio turnover rate	--	9%	2%

</TABLE>

A ANNUALIZED
B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED. TOTAL RETURNS DO NOT REFLECT CHARGES ATTRIBUTABLE TO YOUR INSURANCE COMPANY'S

SEPARATE ACCOUNT. INCLUSION OF THESE CHARGES WOULD REDUCE THE TOTAL RETURNS SHOWN.
C THE TOTAL RETURN WOULD HAVE BEEN LOWER HAD CERTAIN EXPENSES NOT BEEN REDUCED DURING THE PERIODS SHOWN.
D FROM AUGUST 27, 1992 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31,1992.
E EFFECTIVE AUGUST 27, 1992 (COMMENCEMENT OF OPERATIONS) THE FUND'S INVESTMENT ADVISOR VOLUNTARILY AGREED TO LIMIT EXPENSES TO .28% OF AVERAGE NET ASSETS.

WHO MAY WANT TO INVEST

MONEY MARKET PORTFOLIO:
The fund may be appropriate for those who would like to earn income at current money market rates while preserving the value of their investment. The fund is managed to keep its share price stable at $1.00. The rate of income will vary from day to day, generally reflecting short-term interest rates.

INVESTMENT GRADE BOND PORTFOLIO:
The fund may be appropriate for investors who want high current income from a portfolio of investment-grade debt securities. The fund's level of risk, and potential reward, depend on the quality and maturity of its investments. With its focus on medium- to high-quality investments and intermediate maturity, the fund has a moderate risk level and yield potential.

HIGH INCOME PORTFOLIO:
The fund is designed for those who want high current income with some potential for capital growth from a portfolio of high-yielding debt securities and income-producing equity securities. The fund may be appropriate for long-term, aggressive investors who understand the potential risks and rewards of investing in lower-quality securities, including defaulted securities, and are willing to accept their greater price movements and credit risks.

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 fall under one of the following categories.

(solid bullet) MONEY MARKET Seeks income and stability by investing in high-quality, short-term investments.
(solid bullet) INCOME Seeks income by investing in bonds.
(solid bullet) ASSET ALLOCATION Seeks high total return with reduced risk through a mix of stocks, bonds and short-term instruments.
(solid bullet) GROWTH AND INCOME Seeks long-term growth and income by investing in stocks and bonds.
(solid bullet) GROWTH Seeks long-term growth by investing mainly in stocks.
(checkmark)

ASSET MANAGER AND ASSET MANAGER: GROWTH PORTFOLIOS:
Asset allocation funds are designed for investors who want to diversify among domestic and foreign stocks, bonds, and short-term instruments and other types of securities, in one fund. Asset Manager Portfolio spreads its assets among all three asset classes moderating both its risk and return potential. On the other hand, Asset Manager: Growth, while spreading its assets among all three asset classes, uses a more aggressive approach by focusing on stocks for a higher potential return. However, because each fund can invest in bonds and short-term instruments, their returns may not be as high as a fund that invests only in stocks.

EQUITY-INCOME PORTFOLIO:
The fund may be appropriate for investors who are willing to ride out stock market fluctuations in pursuit of potentially high long-term returns. The fund is designed for those who want some income from equity and bond investments, but also want to be invested in the stock market for its long-term growth potential.

INDEX 500 PORTFOLIO:
The fund may be appropriate for investors who are willing to ride out stock market fluctuations in pursuit of potentially high long-term returns. The fund is designed for those who want to keep expenses low while pursuing growth of capital and income through a portfolio of securities that broadly represents the U.S. stock market, as measured by the S&P 500.
Because the fund seeks to track, rather than beat, the performance of the S&P 500, it is not managed in the same manner as other mutual funds. FMR generally does not judge the merits of any particular stock as an

investment. Therefore, you should not expect to achieve the potentially greater results that could be obtained by a fund that aggressively seeks growth.

CONTRAFUND PORTFOLIO:

The fund may be appropriate for investors who are willing to ride out stock market fluctuations in pursuit of potentially high long-term returns. The fund is designed for those who are looking for an investment approach that follows a contrarian philosophy. This approach focuses on companies that are currently out of public favor but show potential for capital appreciation.

GROWTH PORTFOLIO:

The fund may be appropriate for investors who are willing to ride out stock market fluctuations in pursuit of potentially high long-term returns. The fund is designed for those who want to pursue growth wherever it may arise, and who understands that this strategy often leads to investments in smaller, less well-known companies. The fund invests for growth and does not pursue an income strategy.

OVERSEAS PORTFOLIO:

The fund may be appropriate for investors who want to pursue their investment goals in markets outside the United States. By including international investments in your portfolio, you can achieve additional diversification and participate in growth opportunities around the world. However, it is important to note that investments in foreign securities involve risks in addition to those of U.S. investments.

In addition to general risks, international investing involves different or increased risks. The performance of the fund depends upon currency values, the political and regulatory environment, and overall economic factors in the countries in which the fund invests.

INVESTMENT PRINCIPLES AND RISKS

The value of each fund's investments varies based on many factors. Stock values fluctuate in response to the activities of individual companies and general market and economic conditions. Each fund spreads investment risk by limiting its holdings in any one company or industry.

The value of bonds fluctuates based on changes in domestic and foreign interest rates and the credit quality of the issuer, market conditions, and other economic and political news. In general, bond prices rise when interest rates fall, and vice versa. This effect is usually more pronounced for longer-term securities. Lower-quality securities offer higher yields, but also carry more risk.

Because many of the funds' investments may be denominated in foreign currencies, changes in the value of foreign securities can significantly affect a fund's share price. General economic and political factors in the various world markets can also impact the value of your investment. The value of some of the funds' investments may fluctuate based on other factors affecting security values such as commodity prices and currency values. FMR may use various investment techniques to hedge a fund's risks, but there is no guarantee that these strategies will work as intended. When fund shares are redeemed, they may be worth more or less than their original cost.

FMR normally invests each fund's assets according to its investment strategy. High Income, Equity-Income, Growth, Overseas, Asset Manager, Asset Manager: Growth, Index 500 and Contrafund Portfolios also reserve the right to invest without limitation in preferred stocks and investment-grade debt instruments for temporary, defensive purposes. Investment Grade Bond Portfolio reserves the right to invest without limitation in investment-grade money market or short-term debt instruments for temporary, defensive purposes.

MONEY MARKET PORTFOLIO

Money Market Portfolio seek s to earn a high level of current income while maintaining a stable $1.00 share price by investing in high-quality, short-term money market securities of different types.

The fund will invest in U.S. dollar-denominated securities of domestic and foreign issuers, including banks and other financial institutions, governments and their agencies or instrumentalities, and corporations.

The fund earns income at current money market rates. It stresses income, preservation of capital, and liquidity, and does not seek the higher yields or capital appreciation that more aggressive investments may provide. The fund's yield will vary from day to day and generally reflects current short-term interest rates and other market conditions.

When fund shares are redeemed, they should be worth the same amount as when they were purchased. Of course, there is no guarantee that the fund will maintain a stable $1.00 share price. The fund follows industry-standard guidelines on the quality and maturity of its investments, which are designed to help maintain a stable $1.00 share price. The fund will purchase only high-quality securities that FMR believes present minimal credit risks and will observe maturity restrictions on securities it buys. 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 fund's investments could cause its share prices (and the value of your investment) to change.

INVESTMENT GRADE BOND PORTFOLIO

The fund seeks high current income by investing primarily in fixed-income obligations of all types. FMR invests at least 65% of the fund's total assets in investment-grade, fixed-income securities such as bonds, notes and debentures. The fund invests in domestic and foreign investment-grade debt securities and maintains a dollar-weighted average maturity of ten years or less. In determining a security's maturity for purposes of calculating its average maturity, estimates of the expected time for its principal to be paid may be used. This can be substantially shorter than its stated final maturity. The fund may also invest in futures contracts and other derivatives to adjust its investment exposure.

The fund's yield and share price change daily based on changes in interest rates, market conditions, and other political and economic news, and on the quality and maturity of its investments. BECAUSE THE FUND INVESTS IN FIXED-INCOME SECURITIES, ITS SHARE PRICE IS RELATED TO CHANGES IN INTEREST RATES. FMR may use various investment techniques to hedge the fund's risks, but there is no guarantee that these strategies will work as intended.

INTEREST RATE RISK

In general, bond prices rise when interest rates fall, and vice versa. Funds that hold short-term bonds are usually less affected by changes in interest rates than long-term bond funds. For that reason, long-term bond funds typically offer higher yields and carry more risk than short-term bond funds.

(checkmark)

HIGH INCOME PORTFOLIO

The fund seeks high current income by investing primarily in all types of income-producing debt securities, preferred stocks, and convertible securities. FMR normally invests at least 65% of the fund's total assets in these securities. The fund may also consider the potential for growth of capital by investing up to 20% in common stocks and other equity securities when consistent with the fund's primary objective or when acquired as part of a unit combining fixed-income and equity securities.

Although the fund has no limits on the quality and maturity of its investments, its strategy typically leads to longer-term, lower-quality, fixed-income securities. These domestic and foreign investments may present the risk of default or may be in default. If consistent with its investment objective, however, the fund can also invest in common stocks, other equity securities, and debt securities not currently paying interest but which are expected to do so in the future. Because of the fund's investment strategy, its performance is especially affected by individual company news.

In addition, the fund's yield and share price will change based on changes in interest rates, market conditions and other political and economic news. In general, bond prices rise when interest rates fall, and vice versa. FMR may use various investment techniques to hedge the fund's risks, but there is no guarantee that these strategies will work as intended.

See the section entitled "Securities and Investment Practices" for risks associated with lower-quality debt securities.

ASSET MANAGER PORTFOLIO AND
ASSET MANAGER: GROWTH PORTFOLIO

Each fund seeks to achieve its investment objective by allocating its assets among stocks, bonds, short-term and other instruments of U.S. and foreign issuers. Each fund however, has a different objective and pursues its objective by investing within different asset allocation ranges.

ASSET MANAGER seeks high total return with reduced risk over the long term.

ASSET MANAGER: GROWTH seeks to maximize total return over the long term.

Each fund allocates its assets among the following classes, or types, of investments. The STOCK CLASS includes equity securities of all types. The BOND CLASS includes all varieties of fixed-income instruments with maturities of more than three years (including adjustable-rate preferred stocks). The SHORT-TERM CLASS includes all types of short-term instruments with remaining maturities of three years or less. Some types of investments, such as indexed securities, can fall into more than one asset class. The funds may also make other investments that do not fall within these classes.

FMR has the ability to allocate each fund's assets within specified ranges. Each fund's NEUTRAL MIX indicates the benchmark for its combination of investments in each asset class over time. FMR may change the neutral mix from time to time. The following chart illustrates the range and approximate neutral mix for each asset class.

ASSET MANAGER

	Range	Neutral mix
STOCK CLASS	10-60%	40%
BOND CLASS	20-60%	40%
SHORT-TERM CLASS	0-70%	20%

Asset Manager's approach spreads the fund's assets among all three classes, moderating both the risk and return potential of stocks, bonds, and short-term instruments.

ASSET MANAGER: GROWTH

	Range	Neutral mix
STOCK CLASS	0-100%	65%
BOND CLASS	0-100%	30%

SHORT-TERM CLASS 0-100% 5%

Asset Manager: Growth's more aggressive approach focuses on stocks for high potential returns. However, because the fund can invest in bonds and short-term instruments, its return may not be as high as a fund that invests only in stocks.

Although the funds seek to reduce their overall risk by diversifying among different types of investments, they aggressively invest in a wide variety of security types, including stocks and bonds issued in developed and developing countries and derivative transactions. Since the funds are subject to the risks of each investment type, the funds and their performance are affected by many factors.

In pursuit of each fund's objective, FMR will not try to pinpoint the precise moment when a major reallocation should be made. Instead, FMR regularly reviews each fund's allocation and makes changes gradually to favor investments that it believes will provide the most favorable outlook for achieving each fund's objective. Under normal circumstances, a single reallocation will not involve more than 10% of Asset Manager's total assets, or 20% of Asset Manager: Growth's total assets. Although FMR uses its expertise and resources in allocating assets, FMR's decisions may not be advantageous to a fund.

Each fund diversifies across investment types more than most mutual funds but keep in mind that no one mutual fund can provide an appropriate balanced investment plan for all investors.

EQUITY-INCOME PORTFOLIO

The fund seeks reasonable income by investing primarily in income-producing equity securities. FMR normally invests at least 65% of the fund's total assets in these securities. The remainder of the fund's assets will tend to be invested in debt obligations, many of which are expected to be convertible into common stock (if convertible securities present favorable investment opportunities). The fund has the flexibility, however, to invest the balance in all types of domestic and foreign securities, including bonds of varying quality. The fund seeks to achieve a yield that beats that of the S&P 500. The fund does not expect to invest in debt securities of companies that do not have proven earnings or credit. When choosing the fund's investments, FMR also considers the potential for capital appreciation.

INDEX 500 PORTFOLIO

The fund seeks to match the total return of the S&P 500 while keeping expenses low. FMR normally invests at least 80% (65% if fund assets are below $20 million) of the fund's assets in equity securities of companies that compose the S&P 500.

The S&P 500 is made up of 500 common stocks, most of which trade on the New York Stock Exchange. Standard & Poor's Corporation is neither an affiliate nor a sponsor of the fund, and inclusion of a stock in the index does not imply that it is a good investment.

It is generally acknowledged that the S&P 500 broadly represents the performance of publicly traded common stocks in the U.S. In seeking a 98% or better long-term correlation of the fund's total return to that of the S&P 500, the fund utilizes a "passive" or "indexing" approach and tries to allocate its assets similarly to those of the index. The fund's composition may not always be identical to that of the S&P 500. FMR may choose, if extraordinary circumstances warrant, to exclude a stock held in the S&P 500 and include a similar stock in its place if doing so will help the fund achieve its objective. FMR monitors the correlation between the performance of the fund and the S&P 500 on a regular basis. In the unlikely event that the fund cannot achieve a long-term correlation of 98% or better, the trustees will consider alternative arrangements.

Although the fund focuses on common stocks, it may also invest in other equity securities and in other types of instruments. The fund purchases short-debt securities for cash management purposes and uses various investment techniques, such as futures contracts, to adjust its exposure to the S&P 500.

Please refer to the Appendix for more information on the S&P 500.

CONTRAFUND PORTFOLIO

The fund seeks capital appreciation by investing in companies that FMR believes to be undervalued due to an overly pessimistic appraisal by the public. In pursuit of the fund's goal, FMR looks for companies with the following characteristics:

(small solid bullet) unpopular, but improvements seem possible due to developments such as a change in management, a new product line, or an improved balance sheet,

(small solid bullet) recently popular, but temporarily out of favor due to short-term or one-time factors, or

(small solid bullet) undervalued compared to other companies in the same industry or relative to the company's expected earnings growth rate .

This strategy can lead to investments in domestic or foreign companies, many of which may not be well known. The stocks of small companies often involve more risk than those of larger companies. The fund usually invests primarily in common stock and securities convertible into common stock, but it has the flexibility to invest in any type of security that may produce capital appreciation.

GROWTH PORTFOLIO

The fund seeks capital appreciation by investing primarily in common stocks and securities convertible into common stock of companies that FMR believes have above-average growth potential. The fund however, is not restricted to

any one type of security and may pursue capital appreciation through the purchase of bonds and preferred stocks.
Growth may be measured by factors such as earnings or gross sales. FMR tends to focus on smaller, lesser known companies in new and emerging areas of the economy. However, FMR may also pursue growth in larger or revitalized companies that hold a strong position in the market. These may be found in mature or declining industries.
COMPANIES WITH STRONG GROWTH POTENTIAL often have new products, technologies, distribution channels, or other opportunities. As a general rule, these domestic and foreign companies tend to be small and mid-sized companies that have higher than average price/earnings (P/E) ratios. A high P/E ratio means that the stock is more expensive than average relative to the company's earnings. The market prices of these stocks may be particularly sensitive to economic, market, or company news.
Stock values fluctuate in response to the activities of individual companies and general market and economic conditions. The fund spreads investment risk by limiting its holdings in any one company or industry. FMR may use various investment techniques to hedge the fund's risks, but there is no guarantee that these strategies will work as FMR intends.

OVERSEAS PORTFOLIO

The fund seeks long-term growth of capital by investing primarily in securities of issuers whose principal activities are outside of the U.S. FMR normally invests at least 65% of the fund's total assets in securities of issuers from at least three different countries outside of North America (the U.S., Canada, Mexico, and Central America). The fund expects to invest a majority of its assets in equity securities, but may also invest in debt securities of any quality.
The fund may invest in the securities of any issuer, including companies and other business organizations as well as governments and government agencies. The fund, however, will tend to focus on the equity securities of both large and small companies. The fund may invest in short-term debt securities and money market instruments for cash management purposes.
The fund's focus on international investing involves increased or additional risks compared to funds which invest primarily in domestic equity securities. International funds have increased economic and political risks as they are exposed to events and factors in the various world markets. Also, because many of the fund's investments are denominated in foreign currencies, changes in the value of foreign currencies can significantly affect the fund's share price. FMR may use a variety of techniques to either increase or decrease the fund's exposure to any currency.
FMR may also use different investment techniques in an attempt to hedge the fund's risks, but there is no guarantee that these strategies will work as FMR intends.
FMR determines where an issuer or its principal business is located by looking at such factors as its country of organization, the primary trading market for its securities, and the location of its assets, personnel, sales, and earnings. When allocating the fund's investments among countries and regions, FMR considers such factors as the potential for economic growth, expected levels of inflation, governmental policies, and the outlook for currency relationships.

THE FUNDS IN DETAIL

CHARTER

EACH FUND IS A MUTUAL FUND: an investment that pools shareholders' money and invests it toward a specified goal. Money Market Portfolio, High Income Portfolio, Equity-Income Portfolio, Growth Portfolio and Overseas Portfolio are diversified funds of Variable Insurance Products Fund (VIP) and Investment Grade Bond Portfolio, Asset Manager Portfolio, Index 500 Portfolio, Asset Manager: Growth Portfolio and Contrafund Portfolio are diversified funds of Variable Insurance Products Fund II (VIPII). VIP and VIPII are open-end management investment companies organized as Massachusetts business trusts on November 13, 1981, and March 21, 1988, respectively. 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 the funds' 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. An insurance company issuing a variable contract that participates in the funds will vote shares held in its separate account as required by law and interpretations thereof, as may be amended or changed from time to time. In accordance with current law and interpretations thereof, a participating insurance company is required to request voting instructions from policyowners and must vote shares in the separate account in proportion to the voting instructions received. Your insurance company is entitled to one vote for each share it owns. For a further discussion, please refer to your insurance company's separate account prospectus.

FMR AND ITS AFFILIATES

Fidelity Investments is one of the largest investment management organizations in the United States and has its principal business address at 82 Devonshire Street, Boston, Massachusetts , 02109. It includes a number of different subsidiaries and divisions which provide a variety of financial services and products. The funds employ various Fidelity companies to perform activities required for their operation.

The funds are managed by FMR which handles each fund's business affairs and, with the assistance of affiliates for certain funds, chooses each fund's investments.

(small solid bullet) FMR Texas Inc. (FMR Texas) in Irving, Texas, serves as a sub-adviser for Money Market Portfolio.

(small solid bullet) Fidelity Management & Research (U.K.) Inc. (FMR U.K.), in London, England, serves as a sub-adviser for High Income, Asset Manager, Asset Manager: Growth, Contrafund and Overseas Portfolios.

(small solid bullet) Fidelity Management & Research (Far East) Inc. (FMR Far East), in Tokyo, Japan, serves as a sub-adviser for High Income, Asset Manager, Asset Manager: Growth, Contrafund and Overseas Portfolios.

(small solid bullet) Fidelity International Investment Advisors (FIIA), in Pembroke, Bermuda, serves as a sub-adviser for Overseas Portfolio.

(small solid bullet) Fidelity International Investment Advisors (U.K.) Limited (FIIAL U.K.), in Kent, England, serves as a sub-adviser for Overseas Portfolio.

Barry Jay Coffman is vice president and manager of High Income Portfolio, which he has managed since August 1990. Mr. Coffman also assists on Fidelity Puritan Fund. Previously, he served as an assistant manager and analyst for the high yield bond group. Before joining Fidelity in 1986, Mr. Coffman was an analyst for Equitable Capital Management and was a senior auditor at Arthur Anderson & Company.

Bettina Doulton is the manager of Equity-Income Portfolio, which she has managed since July 1993. Ms. Doulton is also manager of Fidelity Advisor Equity Portfolio Income. Previously, she managed Fidelity Select Automotive Portfolio and assisted on Fidelity Magellan Fund and Fidelity Equity-Income Fund. Ms. Doulton also served as an analyst following the domestic and European automotive and tire manufacturing industry as well as the gaming and lodging industry. She joined Fidelity in 198 6 .

Lawrence Greenberg is vice president and manager of Growth Portfolio, which he has managed since April 1991. He also manages Emerging Growth. Previously, Mr. Greenberg managed Select Environmental Services and Select Medical Delivery. He also assisted on Fidelity Magellan Fund. Mr. Greenberg joined Fidelity in 1986.

John R. Hickling is manager and vice president of Overseas Portfolio , which he has managed since January 1993. Mr. Hickling also manages Advisor Overseas and Fidelity Overseas. Previously, he managed Japan, Emerging Markets, Europe, International Opportunities, and Pacific Basin. Mr. Hickling joined Fidelity in 1982.

FIDELITY FACTS

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

(solid bullet) Number of Fidelity mutual funds: over 210

(solid bullet) Assets in Fidelity mutual funds: over $250 billion

(solid bullet) Number of shareholder accounts: over 22 million

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

(checkmark)

Donald Taylor is manager and vice president of Investment Grade Bond Portfolio, which he has managed since September 1989. Mr. Taylor also manages Advisor Short Fixed Income, Fidelity Short-Term Bond Portfolio and Spartan Short-Term Income. In addition, Mr. Taylor manages Income Plus for Fidelity International. Previously, he managed Corporate Trust, Qualified Dividend, Zero Coupon Bond Fund, and Utilities Income. Mr. Taylor joined Fidelity in 1986.

Andrew Offit is vice president and manager of Asset Manager Portfolio and Asset Manager: Growth Portfolio, which he has managed since February 1995. Mr. Offit also manages Fidelity Canada Asset Manager. He managed Fidelity Convertible Securities Fund from 1992 to February 1995. Mr. Offit joined Fidelity in 1987 as a research analyst for the hospital supply, medical technology, drug distribution and retail drug sectors. He subsequently managed the Fidelity Select Biotechnology and Fidelity Select Health Care Portfolios. He also was assistant fund manager for Fidelity Growth & Income Fund and Fidelity Magellan Fund.

William Danoff is manager and vice president of Contrafund Portfolio, which he has managed since January 1995. Mr. Danoff also manages Fidelity Contrafund, which he has managed since October 1990. Previously, he managed Select Retailing and assisted on Magellan. Mr. Danoff joined Fidelity in 1986 as an equity analyst.

Each fund has an investment objective similar to that of an existing Fidelity retail fund. Money Market Portfolio is most similar to Fidelity Cash Reserves, High Income Portfolio to Spartan High Income Fund, Equity-Income Portfolio to Fidelity Equity-Income Fund, Growth Portfolio to Fidelity Growth Company Fund, Overseas Portfolio to Fidelity Overseas Fund, Investment Grade Bond Portfolio to Fidelity Investment Grade Bond Fund, Asset Manager Portfolio to Fidelity Asset Manager, Index 500 Portfolio to Fidelity Market Index Fund, Contrafund Portfolio to Fidelity Contrafund and Asset Manager: Growth Portfolio to Fidelity Asset Manager: Growth. Performance of a separate account investing in these funds is not expected to be the same as the performance of the corresponding retail fund due in part to dissimilarities in their investments. Various insurance related costs at the insurance company's separate account will also affect performance.

Each fund sells its shares to separate accounts of insurance companies which are both affiliated and unaffiliated with FMR. Each fund currently does not foresee any disadvantages to policyowners arising out of the fact that each fund offers its shares to separate accounts of various insurance companies to serve as the investment medium for their variable products. Nevertheless, the Board of Trustees intends to monitor events in order to identify any material irreconcilable conflicts which may possibly arise, and to determine what action, if any, should be taken in response to such conflicts. If such a conflict were to occur, one or more insurance companies' separate accounts might be required to withdraw its investments in one or more funds and shares of another fund may be substituted. This might force a fund to sell securities at disadvantageous prices. In addition, the Board of Trustees may refuse to sell shares of any fund to any separate account or may suspend or terminate the offering of shares of any fund if such action is required by law or regulatory authority or is in the best interests of the shareholders of the fund.

Fidelity investment personnel may invest in securities for their own account pursuant to a code of ethics that establishes procedures for personal investing and restricts certain transactions.

Fidelity Distributors Corporation (FDC) distributes and markets Fidelity's funds and services. Fidelity Investments Institutional Operations Company (FIIOC) performs transfer agent servicing functions for the funds.

FMR Corp. is the ultimate parent company of FMR, FMR Texas , FMR U.K., and FMR Far East. Through ownership of voting common stock, members of the Edward C. Johnson 3d family form a controlling group with respect to FMR Corp. Changes may occur in the Johnson family group, through death or disability, which would result in changes in each individual family members' holding of stock. Such changes could result in one or more family members becoming holders of over 25% of the stock. FMR Corp. has received an opinion of counsel that changes in the composition of the Johnson family group under these circumstances would not result in the termination of the funds' management or distribution contracts and, accordingly, would not require a shareholder vote to continue operation under those contracts.

Fidelity International Limited (FIL), is the parent company of FIIA and FIIAL U.K. The Johnson family group also owns, directly or indirectly, more than 25% of the voting common stock of FIL.

A broker-dealer may use a portion of the commissions paid by a fund to reduce its custodian or transfer agent fees. FMR may use its broker-dealer affiliates and other firms that sell fund shares to carry out a fund's transactions, provided that the fund receives brokerage services and commission rates comparable to those of other broker-dealers.

SECURITIES AND INVESTMENT PRACTICES

The following pages contain more detailed information about types of instruments in which a fund may invest, and strategies FMR may employ in pursuit of a fund's investment objective. A summary of risks and restrictions associated with these instrument types and investment practices is included as well. A complete listing of each fund's policies and limitations and more detailed information about each fund's investments is contained in the funds' SAI. 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 a fund achieve its goal. Current holdings and recent investment strategies are described in the funds' financial reports, which are sent to the funds' shareholders twice a year. For a free SAI or financial report, contact your insurance company.

MONEY MARKET SECURITIES are high-quality, short-term investments issued by the U.S. government, corporations, financial institutions, and other entities. These investments may carry fixed, variable, or floating interest rates. A security's credit may be enhanced by a bank, insurance company, or other entity. Some money market instruments employ a trust or other similar structure to modify the maturity, price characteristics, or quality of financial assets so that they are eligible investments for money market funds. If the structure does not perform as intended, adverse investment consequences may result.

Money market securities may include commercial paper, certificates of deposit, bankers' acceptances, and time deposits .

EQUITY SECURITIES may include common stocks, preferred stocks, convertible securities, and warrants. Common stocks, the most familiar type, represent an equity (ownership) interest in a corporation. Although equity securities have a history of long-term growth in value, their prices fluctuate based on changes in a company's financial condition and on overall market and economic conditions. Smaller companies are especially sensitive to these

factors.
RESTRICTIONS: With respect to 75% of its total assets, each fund may not own more than 10% of the outstanding voting securities of a single issuer.
DEBT SECURITIES. Bonds and other debt instruments are used by issuers to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest, and must repay the amount borrowed at maturity. Some debt securities, such as zero coupon bonds, do not pay current interest, but are purchased at a discount from their face values. Debt securities, loans, and other direct debt have varying degrees of quality and varying levels of sensitivity to changes in interest rates. Longer-term bonds are generally more sensitive to interest rate changes than short-term bonds.
Investment-grade debt securities are medium-and high-quality securities. Some, however, may possess speculative characteristics and may be more sensitive to economic changes and to changes in the financial condition of issuers.
Lower-quality debt securities (sometimes called "junk bonds") are often considered to be speculative and involve greater risk of default or price changes due to changes in interest rates, economic conditions, and the issuer's creditworthiness. As a result, their market prices tend to fluctuate more than higher-quality securities. Lower-quality securities are those rated lower than Baa by Moody's Investors Service, Inc. (Moody's) or BBB by Standard & Poor's Corporation (S&P), and unrated debt securities determined by FMR to be of equivalent quality.
The default rate of lower-quality debt securities is likely to be higher when issuers have difficulty meeting projected goals or obtaining additional financing. This could occur during economic recessions or periods of high interest rates. If an issuer defaults, a fund may try to protect its interests and those of other security holders if it determines this to be in the interest of its shareholders.
Lower-quality securities may be thinly traded, making them difficult to sell promptly at an acceptable price. If market quotations are unavailable, lower-quality securities are valued under guidelines established by the Board of Trustees, including the use of outside pricing services. Negative publicity or investor perceptions may make this difficult, and could hurt a fund's ability to dispose of these securities.
The table on the following page provide s a summary of ratings assigned to debt holdings (not including money market instruments) in certain of the funds' portfolios. These figures are dollar-weighted averages of month-end portfolio holdings during fiscal 1994, and are presented as a percentage of total security investments. These percentages are historical and do not necessarily indicate a fund's current or future debt holdings.
RESTRICTIONS: Purchase of a debt security is consistent with a fund's debt quality policy if it is rated at or above the stated level by Moody's or rated in the equivalent categories by S&P, or is unrated but judged to be of equivalent quality by FMR. Money Market and Index 500 will not invest in lower-quality debt securities; Investment Grade Bond currently limits its investments in debt securities to those rated Baa-quality or above; Equity-Income, Contrafund, Asset Manager: Growth, Overseas, and Growth Portfolios currently limit investment in lower than Baa-quality debt securities to 35% of each fund's assets; Asset Manager currently intends to limit its investment in lower than Baa-quality debt securities to 35% and currently intends to limit its investment in lower than Baa-quality debt securities as determined by FMR, to 20% of its total assets; and High Income has no limit on the amount of its assets that may be invested in lower-quality debt securities.
FISCAL 1994 DEBT HOLDINGS, BY RATING

Fiscal 1994 Debt Holdings, by Rating

	MOODY'S INVESTORS SERVICE, INC.					STANDARD & POOR'S CORPORATION				
	Rating	Average [A]				Rating	Average[A]			
INVESTMENT GRADE		High Income	Equity Income	Asset Manager	Investment Grade Bond		High Income	Equity Income	Asset Manager	Investment Grade Bond
Highest quality	Aaa	0.00 %	1.91 %	9.81 %	36.82%	AAA	0.00 %	1.91 %	9.56 %	36.82 %
High quality	Aa	0.00 %	0.11 %	1.65 %	5.37%	AA	0.00 %	0.11 %	1.86 %	9.36 %
Upper-medium grade	A	0.00 %	0.38 %	0.03 %	20.60%	A	0.00 %	0.22 %	0.08 %	17.80%
Medium grade	Baa	0.00 %	0.49 %	0.04 %	14.30%	BBB	0.00 %	0.57 %	0.34 %	16.79 %
LOWER QUALITY										
Moderately speculative	Ba	3.39 %	0.14 %	6.56 %	3.01%	BB	9.10 %	0.26 %	4.93 %	0.42%
Speculative	B	45.77 %	1.93 %	7.40 %	0.00%	B	37.65 %	1.77 %	4.61 %	0.00 %

Highly speculative Caa 8.50 % 0.00 % 0.15 % 0.00%
CCC 7.01 % 0.00 % 0.19 % 0.00
%
Poor quality Ca 1.48 % 0.00 % 0.01 % 0.00% CC
0.18 % 0.00 % 0.00 % 0.00
%
Lowest quality, no interest C C
In default, in arrears --- D 0.98 % 0.00 % 0.02
% 0.00%
59.14 % 4.96 % 25.65 % 80.10% 54.92 %
4.84 % 21.59 % 81.1
9%

[A] FOR SOME FOREIGN GOVERNMENT OBLIGATIONS, FMR ASSIGNS THE RATINGS OF THE SOVEREIGN CREDIT OF THE ISSUING GOVERNMENT. THE DOLLAR-WEIGHTED AVERAGE OF DEBT SECURITIES NOT RATED DIRECTLY OR INDIRECTLY BY MOODY'S OR S&P AMOUNTED TO 19.69% FOR HIGH INCOME , 0.22% FOR EQUITY-INCOME, 2.77% FOR ASSET MANAGER AND 1.64% FOR INVESTMENT GRADE BOND . THIS MAY INCLUDE SECURITIES RATED BY OTHER NATIONALLY RECOGNIZED RATING SERVICES, AS WELL AS UNRATED SECURITIES. FMR HAS DETERMINED THAT UNRATED SECURITIES THAT ARE LOWER QUALITY ACCOUNT FOR 19.69 % OF HIGH INCOME'S TOTAL SECURITY INVESTMENTS. REFER TO THE APPENDIX FOR A MORE COMPLETE DISCUSSION OF THESE RATINGS.

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.

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, and certain stripped securities move in the same direction as interest rates.

VARIABLE AND FLOATING RATE SECURITIES have interest rates that are periodically adjusted either at specific intervals or whenever a benchmark rate changes. These interest rate adjustments are designed to help stabilize the security's price.

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 or its yield.

FOREIGN SECURITIES and foreign currencies may involve additional risks. These include currency fluctuations, risks relating to political or economic conditions in the foreign country, and the potentially less stringent investor protection and disclosure standards of foreign markets. In addition to the political and economic factors that can affect foreign securities, a governmental issuer may be unwilling to repay principal and interest when due, and may require that the conditions for payment be renegotiated. These factors could make foreign investments, especially those in developing countries, more volatile.

Of particular importance to Money Market Portfolio, foreign obligations 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. Issuers of foreign securities include foreign governments, corporations, and banks.

RESTRICTIONS: FMR limits the amount of High Income, Equity-Income, Growth, Investment Grade Bond, Asset Manager and Index 500 Portfolio's net assets that may be invested in foreign securities to 50%. However, each fund, including Overseas, Asset Manager: Growth and Contrafund Portfolios, may not invest more than 20% of its assets in any one country. Each fund may have an additional 15% invested in securities of issuers located in any one (but only one) of the following countries: Australia, Canada, France, Japan, the United Kingdom or Germany. A fund must be diversified in at least three different countries if it exceeds 20% in any one country. Money Market Portfolio may not invest in foreign securities unless they are denominated in U.S. dollars.

ASSET-BACKED AND MORTGAGE SECURITIES may include interests in pools of lower-rated debt securities, consumer loans or mortgages, or complex instruments such as collateralized mortgage obligations and stripped mortgage-backed securities. The value of these securities may be significantly affected by changes in interest rates, the market's perception of issuers, and the creditworthiness of the parties involved. Some securities may have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile. These securities may also be subject to prepayment risk.

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.

FOREIGN REPURCHASE AGREEMENTS may be less well secured than U.S. repurchase agreements, and may be denominated in foreign currencies. They also may involve greater risk of loss if the counterparty defaults. Some counterparties in these transactions may be less creditworthy than those in U.S. markets.

RESTRICTIONS: Money Market Portfolio may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

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 the fund's yield or in the market value of its assets.

REAL ESTATE-RELATED INSTRUMENTS include real estate investment trusts, commercial and residential mortgage-backed securities, and real estate financings. Real estate-related instruments are sensitive to factors such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, overbuilding, and the management skill and creditworthiness of the issuer. Real estate-related instruments may also be affected by tax and regulatory requirements, such as those relating to the environment.

ADJUSTING INVESTMENT EXPOSURE. A fund can use various techniques to increase or decrease its exposure to changing security prices, interest rates, currency exchange rates, commodity prices, or other factors that affect security values. These techniques may involve derivative transactions such as buying and selling options and futures contracts, entering into currency exchange contracts or swap agreements, purchasing indexed securities, and selling securities short.

FMR can use these practices to adjust the risk and return characteristics of a fund's portfolio of investments. If FMR judges market conditions incorrectly or employs a strategy that does not correlate well with a fund's investments, these techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These techniques may increase the volatility of a fund and may involve a small investment of cash relative to the magnitude of the risk assumed. In addition, these techniques could result in a loss if the counterparty to the transaction does not perform as promised.

RESTRICTIONS: Money Market Portfolio may not use investment techniques which are inconsistent with the fund's goal of maintaining a stable share price.

DIRECT DEBT. Loans and other direct debt instruments are interests in amounts owed to another party by a company, government, or other borrower. They have additional risks beyond conventional debt securities because they may entail less legal protection for a fund, or there may be a requirement that the fund supply additional cash to a borrower on demand.

RESTRICTIONS: Money Market and Index 500 Portfolios may not use investment techniques which are inconsistent with the funds ' objective .

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 some securities, including illiquid securities, may be subject to legal restrictions. Difficulty in selling securities may result in a loss or may be costly to a fund.

RESTRICTIONS. Equity-Income, Growth, Investment Grade Bond, Index 500, Contrafund, Asset Manager and Asset Manager: Growth Portfolios each may not purchase a security if, as a result, more than 10% of its net assets would be invested in illiquid securities. High Income and Overseas Portfolios each may not purchase a security if, as a result, more than 15% of its net assets would be invested in illiquid securities. Money Market Portfolio will invest less than 10% of its assets in illiquid securities.

WARRANTS are instruments which entitle the holder to buy underlying equity securities at a specific price for a specific period of time. A warrant tends to be more volatile than its underlying securities and ceases to have value if it is not exercised prior to its expiration date. In addition, changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying 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: Money Market Portfolio may not invest more than 5% of its total assets in the securities of any one issuer, except that the fund may invest up to 10% of its assets in the highest quality securities of a single issuer for up to three business days. The fund will invest more than 25% of its total assets in the financial services industry (see below). These limitations do not apply to U.S. government securities.

With respect to 75% of total assets, High Income, Equity-Income, Growth, Overseas, Investment Grade Bond, Index 500, Asset Manager, Asset Manager: Growth and Contrafund Portfolios each may not invest more than 5% of its total assets in any one issuer. Each fund also may not invest more than 25% of its total assets in any one industry. These limitations do not apply to U.S. government securities .

BORROWING. Each fund may borrow from banks or from other funds advised by FMR, or through reverse repurchase agreements. If a fund borrows money, its share price may be subject to greater fluctuation until the borrowing is paid off. If a fund makes additional investments while borrowings are outstanding, this may be considered a form of leverage.

RESTRICTIONS: Each fund may borrow only for temporary or emergency purposes, or for Money Market, engage in reverse repurchase agreements, but not in an amount exceeding 25% of its total assets.

LENDING. Lending securities to broker-dealers and institutions, including Fidelity Brokerage Services, Inc. (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. A fund may also lend money to other funds advised by FMR and to issuers in connection with certain direct debt transactions.

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

OTHER INSTRUMENTS If consistent with its objective and policies, a fund's investments may include depositary receipts, rights, and securities of closed-end investment companies.

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.

RESTRICTIONS: Money Market Portfolio will invest more than 25% of its total assets in the financial services industry and its performance may be affected by conditions affecting the industry.

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.

MONEY MARKET PORTFOLIO 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. Loans, in the aggregate, may not exceed 33% of the fund's total assets.

INVESTMENT GRADE BOND PORTFOLIO seeks as high a level of current income as is consistent with the preservation of capital.

HIGH INCOME PORTFOLIO seeks a high level of current income by investing primarily in high yielding, lower-quality, fixed-income securities, while also considering growth of capital.

ASSET MANAGER PORTFOLIO seeks to obtain high total return with reduced risk over the long-term by allocating its assets among stocks, bonds, and short-term instruments.

ASSET MANAGER: GROWTH PORTFOLIO seeks to maximize total return by allocating its assets among stocks, bonds, short-term instruments, and other investments.

EQUITY-INCOME PORTFOLIO seeks reasonable income by investing primarily in income-producing equity securities.

INDEX 500 PORTFOLIO seeks investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the S&P 500.

CONTRAFUND PORTFOLIO seeks long-term capital appreciation.

GROWTH PORTFOLIO seeks to achieve capital appreciation.

OVERSEAS PORTFOLIO seeks long-term growth of capital primarily through investments in foreign securities.

EACH FUND (excluding Money Market Portfolio), with respect to 75% of total assets, may not invest more than 5% of its total assets in any one issuer and may not own more than 10% of the outstanding voting securities of a single issuer. Each fund (excluding Money Market Portfolio) may not invest more than 25% of its total assets in any one industry. Loans, in the aggregate, may not exceed 33% of each fund's total assets.

INTERNAL REVENUE SERVICE (IRS) LIMITATIONS. In addition to the above, each fund also follows certain limitations imposed by the IRS on separate accounts of insurance companies relating to the tax-deferred status of variable contracts. More specific information may be contained in your insurance company's separate account prospectus.

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.

Each fund pays a MANAGEMENT FEE to FMR for managing its investments and business affairs. FMR in turn, on behalf of Money Market, High Income, Asset Manager, Asset Manager: Growth, Contrafund and Overseas Portfolios, pays fees to affiliates who provide 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

EACH FUND'S MANAGEMENT FEE is calculated and paid to FMR every month. The fee for each fund (excluding Money Market and Index 500 Portfolios) is calculated by adding a GROUP FEE rate to an INDIVIDUAL FUND FEE rate, and multiplying the result by each fund's average net assets.

INDEX 500 PORTFOLIO pays a monthly management fee to FMR at the annual rate of 0.28% of the fund's average net assets.

MONEY MARKET PORTFOLIO'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, is discussed below. The second component, the individual fund fee rate, is 0.03%. The income component is 6% of the fund's gross income in excess of a 5% yield and cannot rise above 0.24% of the fund's average net assets.

THE GROUP FEE RATE is based on the average net assets of all the mutual funds advised by FMR. This rate cannot rise above 0.52% for Equity-Income, Growth, Overseas, Asset Manager, Asset Manager: Growth and Contrafund Portfolios, and 0.37% for Money Market, High Income and Investment Grade Bond Portfolios, and it drops as total assets under management increase. For December 31, 1994, the group fee rate was 0.3193 % for Equity-Income, Growth, Overseas, Asset Manager, Asset Manager: Growth and Contrafund Portfolios and 0.1563 % for Money Market, High Income and Investment Grade Bond Portfolios.

Each fund's individual fund fee rate and total management fee for fiscal year 1994 is outlined in the chart below.

Fund	Individual fund fee rate	Management fee
Money Market Portfolio	.03 %	.20 %
Equity-Income Portfolio	.20 %	.52 %
Growth Portfolio	.30 %	.62 %
Contrafund Portfolio	.30 %	.62 % *
Investment Grade Bond Portfolio	.30 %	.46 %
Asset Manager Portfolio	.40 %	.72 %
Asset Manager: Growth Portfolio	.40 %	.72 % *
High Income Portfolio	.45 %	.61 %
Overseas Portfolio	.45 %	.77 %

* MANAGEMENT FEES FOR ASSET MANAGER: GROWTH AND CONTRAFUND ARE ESTIMATED FOR 1995 AS THE FUNDS DID NOT COMMENCE OPERATIONS UNTIL JANUARY 3, 1995.

For Overseas Portfolio, this rate was higher than that of most other mutual funds, but not necessarily higher than those of a typical international fund, due to the greater complexity, expense and commitment of resources involved in international investing.

SUB-ADVISORY AGREEMENTS. On behalf of High Income, Asset Manager, Asset Manager: Growth and Contrafund Portfolios, FMR has sub-advisory agreements with two affiliates, FMR U.K. and FMR Far East. On behalf of Overseas Portfolio, FMR has sub-advisory agreements with three affiliates: FMR U.K., FMR Far East, and FIIA. FIIA in turn has a sub-advisory agreement with FIIAL U.K. These sub-advisers are compensated for providing FMR with investment research and advice on issuers based outside the United States. FMR pays FMR U.K. and FMR Far East fees equal to 110% and 105%, respectively, of the costs of providing these services. FMR pays FIIA a fee equal to 30% of its management fee rate associated with investments for which the sub-adviser provided investment advice.

On behalf of High Income, Asset Manager: Growth, Contrafund and Overseas Portfolios, the sub-advisers may also provide investment management services. In return, FMR pays FMR U.K., FMR Far East, and FIIA a fee equal to 50% of its management fee rate with respect to the fund's investments that the sub-adviser manages on a discretionary basis. FIIA pays FIIAL U.K. a fee equal to 110% of the cost of providing these services.

The following chart details the fees paid by FMR to FMR U.K. and FMR Far East, on behalf of the funds (as a percentage of each fund's average net assets) for fiscal 1994:

Fund	Fee to FMR U.K.	Fee to FMR Far East
Asset Manager Portfolio	.005	. 006

Overseas Portfolio	.034%	.038%

On behalf of Money Market Portfolio, FMR has entered into a sub-advisory agreement with FMR Texas, which has primary responsibility for providing investment management services. FMR pays FMR Texas 50% of its management fee (before any expense reimbursement) for these services. FMR paid FMR Texas 0.10 % of Money Market's average net assets for fiscal 1994.

OTHER EXPENSES

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

FIIOC, 82 Devonshire Street, Boston, Massachusetts, performs transfer agency, dividend disbursing and shareholder servicing functions for each fund. Fidelity Service Co. (FSC), 82 Devonshire Street, Boston, Massachusetts, calculates the net asset value (NAV) and dividends, maintains the general accounting records and administers the securities lending program for each fund.

Each fund has adopted a Distribution and Service Plan. Each plan recognizes 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 funds' shares. The Board of Trustees has not authorized such payments.

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

The following chart details the fees paid to FIIOC and FSC and each fund's total expenses (as a percentage of each fund's average net assets) for fiscal 1994:

Fund	Fee to FIIOC	Fee to FSC	Total Expenses
Money Market Portfolio	0.02%	0.02%	0.27%
Index 500 Portfolio	0.23%	0.12%	0.81% *
Equity-Income Portfolio	0.01%	0.04%	0.58%
Growth Portfolio	0.01%	0.04%	0.69%
Investment Grade Bond Portfolio	0.08%	0.04%	0.67%
Asset Manager Portfolio	0.01%	0.02%	0.80%
High Income Portfolio	0.03%	0.04%	0.71%
Overseas Portfolio	0.02%	0.04%	0.92%

ESTIMATED EXPENSES FOR FISCAL 1995 FOR ASSET MANAGER: GROWTH AND CONTRAFUND PORTFOLIOS ARE 0.93% AND 0.89%, RESPECTIVELY.

* FMR HAS VOLUNTARILY AGREED TO TEMPORARILY LIMIT INDEX 500 PORTFOLIO'S TOTAL OPERATING EXPENSES TO 0.28%. THE AMOUNTS SHOWN IN THE TABLE ARE PRIOR TO APPLYING ANY EXPENSE REIMBURSEMENTS FROM FMR.

A portion of the brokerage commissions that Equity-Income, Growth and Asset Manager Portfolios paid was used to reduce each fund's expenses. Without this reduction, total expenses would have been .60%, .70% and .81%, respectively.

For fiscal 1994, each fund's portfolio turnover rate is outlined in the table below. These rates vary from year to year. High turnover rates increase transaction costs. FMR considers these effects when evaluating the anticipated benefits of short-term investing.

Fund	Portfolio Turnover Rate
Index 500 Portfolio	2%
Equity-Income Portfolio	134%
Growth Portfolio	122%

Investment Grade Bond Portfolio	143%
Asset Manager Portfolio	85%
High Income Portfolio	122%
Overseas Portfolio	42%
Contrafund Portfolio	275% *
Asset Manager: Growth Portfolio	115% *

* ESTIMATED FOR FIRST FISCAL PERIOD

PERFORMANCE

Each fund's total return may be quoted in advertising if accompanied by performance of your insurance company's separate account. Performance is based on historical results and is not intended to indicate future performance. For additional performance information, contact your insurance company for a free annual report.

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.

Average annual total returns covering periods of less than one year assume that performance will remain constant for the rest of the year.

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 is reinvested, it is called an effective yield.

Seven-day yield illustrates the income earned by an investment in a money market fund over a recent seven-day period. 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.

In calculating yield, High Income Portfolio may from time to time use a security's coupon rate instead of its yield to maturity in order to reflect the risk premium on that security. This practice will have the effect of reducing the fund's yield.

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

A fund may quote its adjusted NAV including all distributions paid. This value may be averaged over specified periods and may be used to calculate a fund's moving average.

The funds' recent strategies, performance, and holdings are detailed twice a year in financial reports, which are sent to all shareholders.

TOTAL RETURNS AND YIELDS QUOTED FOR THE FUNDS INCLUDE EACH FUND'S EXPENSES, BUT MAY NOT INCLUDE CHARGES AND EXPENSES ATTRIBUTABLE TO ANY PARTICULAR INSURANCE PRODUCT. SINCE SHARES OF THE FUNDS MAY ONLY BE PURCHASED THROUGH VARIABLE ANNUITY AND VARIABLE LIFE INSURANCE CONTRACTS, YOU SHOULD CAREFULLY REVIEW THE PROSPECTUS OF THE INSURANCE PRODUCT YOU HAVE CHOSEN FOR INFORMATION ON RELEVANT CHARGES AND EXPENSES. Excluding these charges from quotations of each fund's performance has the effect of increasing the performance quoted. You should bear in mind the effect of these charges when comparing a fund's performance to that of other mutual funds.

ACCOUNT POLICIES

DISTRIBUTIONS AND TAXES

For a discussion of the tax status of your variable insurance contract, refer to the prospectus of your insurance company's separate account. It is suggested you keep all statements you receive to assist in your personal recordkeeping.

It is expected that shares of the funds will be held under the terms of variable annuity and variable life insurance contracts. Under current tax law, dividends or capital gain distributions from any fund are not currently taxable when left to accumulate within a variable annuity or variable life insurance contract. Depending on the variable contract, withdrawals from the contracts may be subject to ordinary income tax and, in addition to a 10% penalty tax on withdrawals before age 59.

Each fund is treated as a separate entity for federal income tax purposes. Each fund intends to pay out all of its net investment income and net realized capital gains for each year. Dividends from Money Market Portfolio are declared daily and paid monthly. Equity-Income Portfolio distributes its dividends quarterly and dividends from High Income, Investment Grade Bond, Growth, Overseas, Asset Manager, Asset Manager: Growth, Index 500, and Contrafund Portfolios will be distributed at least annually. Each fund makes dividend and capital gain distributions on a per-share basis. After distribution from a fund, the fund's share price drops by the amount of the distribution. Because dividends and capital gain distributions are reinvested, the total value of an account will not be affected because, although the shares will have a lower price, there will be correspondingly more of them. Normally, net realized capital gains, if any, are distributed each year for each fund. Such income and capital gain distributions are automatically reinvested in additional shares of the funds.

TRANSACTION DETAILS

THE FUNDS ARE OPEN FOR BUSINESS each day the New York Stock Exchange (NYSE) is open. Fidelity normally calculates each fund's NAV 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.

Money Market Portfolio values its portfolio securities on the basis of amortized cost. This method minimizes the effect of changes in a security's market value and helps the fund maintain a stable $1.00 share price.

Each of the other fund's assets are valued primarily on the basis of market quotations. Foreign securities are valued on the basis of quotations from the primary market in which they are traded, and are translated from the local currency into U.S. dollars using current exchange rates. If quotations are not readily available or if the values have been materially affected by events occurring after the closing of a foreign market, assets are valued by a method that the Board of Trustees believes accurately reflects fair value.

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

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. Purchase orders may be refused if, in FMR's opinion, they would disrupt management of a fund.

INVESTMENTS AND REDEMPTIONS. Investments may be made only by separate accounts established and maintained by insurance companies for the purpose of funding variable insurance contracts. Please refer to the prospectus of your insurance company's separate account for information on how to invest and redeem from each fund.

Each p articipating insurance company receives orders from its variable contract owners to purchase or redeem shares of the funds each business day. That night, all orders received by that insurance company on that business day are aggregated, and the insurance company places a net purchase or redemption order for shares of one or more funds the morning of the next business day. These orders are generally executed at the NAV that was computed at the close of the previous business day in order to provide a match between the variable contract owners' orders to the insurance companies and the insurance companies' orders to a fund. In some cases, an insurance company's orders for fund shares may be executed at the NAV next computed after the order is actually transmitted to a fund.

Redemption proceeds will normally be wired to the insurance company on the next business day after receipt of the redemption instructions by a fund but in no event later than 7 days following receipt of instructions. Each fund may suspend redemptions or postpone payment dates on days when the NYSE is closed (other than weekend or holidays), when trading on the NYSE is restricted, or as permitted by the SEC.

APPENDIX

1.DESCRIPTION OF MOODY'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.

A - Bonds rated A possess many favorable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

BAA - Bonds rated Baa are considered as medium-grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

BA - Bonds rated Ba are judged to have speculative elements. Their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B - Bonds rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or maintenance of

other terms of the contract over any long period of time may be small.
CAA - Bonds rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.
CA - Bonds rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked short-comings.
C - Bonds rated C are the lowest-rated class of bonds and issued so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.
Moody's applies numerical modifiers, 1, 2, and 3, in each generic rating classification from Aa through B 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 S&P'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.
A - Debt rated A has a strong capacity to pay interest and repay principal, although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions.
BBB - Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher-rated categories.
BB - Debt rate BB has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments.
B - Debt rated B has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The B rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BB- rating.
CCC - Debt rated CCC has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial, and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal.
CC - Debt rated CC is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC debt rating.
C - The rating C is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC- debt rating. The C rating may be used to cover a situation where a bankruptcy petition has been filed but debt service payments are continued.
CI - The rating CI is reserved for income bonds on which no interest is being paid.
D - Debt rated D is in payment default. The D rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grace period. The D rating will also be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.
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issued or in the determination or calculation of the equation by which the fund is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the fund.
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VARIABLE INSURANCE PRODUCTS FUND: MONEY MARKET PORTFOLIO, HIGH INCOME PORTFOLIO, EQUITY-INCOME PORTFOLIO, GROWTH PORTFOLIO, AND OVERSEAS PORTFOLIO
VARIABLE INSURANCE PRODUCTS FUND II: INVESTMENT GRADE BOND PORTFOLIO, ASSET MANAGER PORTFOLIO,
INDEX 500 PORTFOLIO, CONTRAFUND PORTFOLIO AND ASSET MANAGER: GROWTH PORTFOLIO
STATEMENT OF ADDITIONAL INFORMATION
APRIL 30, 1995
This Statement is not a prospectus but should be read in conjunction with the funds' current Prospectus (dated April 30, 1995). Please retain this document for future reference. The funds' financial statements and financial highlights, included in the Annual Reports for the fiscal year ended December 31, 1994, are incorporated herein by reference. To obtain an additional copy of the Prospectus or Annual Reports, please call your insurance company or Fidelity Distributors Corporation at 1-800-544-8888.

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Overseas Portfolio:
FMR U.K.
FMR Far East
Fidelity International Investment Advisors (FIIA)
Fidelity International Investment Advisors (U.K.) Limited (FIIAL U.K.)
DISTRIBUTOR
Fidelity Distributors Corporation (FDC)
TRANSFER AGENT
Fidelity Investments Institutional Operations Company (FIIOC)
VIP/VIPII-ptb-04/95

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 each 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.

MONEY MARKET PORTFOLIO

THE FOLLOWING ARE THE FUND'S FUNDAMENTAL INVESTMENT LIMITATIONS. 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, 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 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) 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;

(4) underwrite securities issued by others, except to the extent that the fund may be considered an underwriter within the meaning of the Securities Act of 1933 in the disposition of restricted securities;

(5) 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, except that the fund will invest more than 25% of its total assets in the financial services industry;

(6) 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);

(7) purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments;

(8) 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; or

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

THE FOLLOWING INVESTMENT LIMITATIONS FOR MONEY MARKET PORTFOLIO ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER NOTIFICATION.

(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 does not currently intend to purchase securities on margin, except that the fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(iv) 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 advisor or (b) by engaging in reverse repurchase agreements with any party. The fund will not borrow money in excess of 25% of net assets so long as this limitation is required for certification by certain state insurance departments. 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.

(v) 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.

(vi) The fund does not currently intend to purchase or sell futures contracts or 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 or futures contracts.
(vii) 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 advisor. (This limit does not apply to purchases of debt securities or to repurchase agreements.)
(viii) 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.
(ix) The fund does not currently intend to invest in oil, gas, or other mineral exploration or development programs or leases.
QUALITY AND MATURITY. Pursuant to procedures adopted by the Board of Trustees, the fund may purchase only high-quality securities that FMR believes present minimal credit risks. To be considered high quality, a security must be 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 are divided into "first tier" and "second tier" securities. First tier securities are those deemed to be in the highest rating category (e.g., Standard & Poor's A-1), and second tier securities are those deemed to be in the second highest rating category (e.g., Standard & Poor's A-2).High-quality securities are divided into "first tier" and "second tier" securities.
The fund may not invest more than 5% of its total assets in second tier securities. In addition, the fund may not invest more than 1% of its total assets or $1 million (whichever is greater) in the second tier securities of a single issuer.
The fund currently intends to limit its investments to securities with remaining maturities of 397 days or less, and to maintain a dollar-weighted average maturity of 90 days or less. When determining the maturity of a security, the fund may look to an interest rate reset or demand feature.
DOMESTIC AND FOREIGN ISSUERS. 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 United States, 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 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, evidence of ownership of portfolio securities may be held outside of the United States 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.
HIGH INCOME, EQUITY-INCOME, GROWTH, OVERSEAS, INVESTMENT GRADE BOND, ASSET MANAGER, INDEX 500, CONTRAFUND AND ASSET MANAGER: GROWTH PORTFOLIOS
THE FOLLOWING ARE HIGH INCOME, EQUITY-INCOME, GROWTH, OVERSEAS, INVESTMENT GRADE BOND, ASSET MANAGER, INDEX 500, CONTRAFUND AND ASSET MANAGER: GROWTH PORTFOLIOS' FUNDAMENTAL INVESTMENT LIMITATIONS. EACH FUND MAY NOT:
(1) with respect to 75% of the fund's total assets, 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, (a) more than 5% of the fund's total assets would be invested in the securities of that issuer, or (b) the fund would hold more than 10% of the outstanding voting securities of that issuer;

(2) issue senior securities, except as permitted under the Investment Company Act of 1940;
(3) (for High Income, Equity-Income, Growth and Overseas Portfolios) borrow money, except that the fund (i) may borrow money for temporary or emergency purposes (not for leveraging or investment) or (ii) engage in reverse repurchase agreements, provided that (i) and (ii) in combination (borrowings) do not exceed 33 1/3% of its total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed 33 1/3% of the value of the fund's total assets by reason of a decline in net assets will be reduced within three days (exclusive of Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation;
(for Investment Grade Bond, Asset Manager, Index 500, Contrafund and Asset Manager: Growth Portfolios) borrow money, except that the fund may borrow money for temporary or emergency purposes (not for leveraging or investment) in an amount not exceeding 33 1/3% of its 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;
(4) underwrite securities issued by others, except to the extent that the fund may be considered an underwriter within the meaning of the Securities Act of 1933 in the disposition of restricted securities;
(5) 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 its total assets would be invested in the securities of companies whose principal business activities are in the same industry;
(6) 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);
(7) purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the fund from purchasing or selling options and futures contracts or from investing in securities or other instruments backed by physical commodities); or
(8) 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.
THE FOLLOWING INVESTMENT LIMITATIONS FOR HIGH INCOME, EQUITY-INCOME, GROWTH, OVERSEAS, INVESTMENT GRADE BOND, ASSET MANAGER, INDEX 500, CONTRAFUND AND ASSET MANAGER: GROWTH PORTFOLIOS ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER NOTIFICATION.
(i) Each 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.
(ii) Each fund does not currently intend to purchase securities on margin, except that the fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.
(iii) Each 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 advisor or (b) by engaging in reverse repurchase agreements with any party (reverse repurchase agreements are treated as borrowings for purposes of fundamental investment limitation (3)). Each fund will not borrow money in excess of 25% of net assets so long as this limitation is required for certification by certain state insurance departments. Any borrowings that come to exceed this amount will be reduced within seven days (not including Sundays and holidays) to the extent necessary to comply with the 25% limitation. Each fund will not purchase any security while borrowings representing more than 5% of its total assets are outstanding. Each 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) Each fund does not currently intend to purchase any security if, as a result, more than 10% of Equity-Income, Growth, Investment Grade Bond, Asset Manager, Index 500, Contrafund and Asset Manager: Growth Portfolios' net assets and 15% of High Income and Overseas Portfolio's 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) Each fund does not currently intend to lend assets other than securities to other parties, except by: (a) lending money (up to 5% of net assets for Equity-Income, Growth, Overseas, Asset Manager, Index 500, Contrafund and Asset Manager: Growth Portfolios and 7.5% of net assets for High Income and Investment Grade Bond Portfolios) to a registered investment company or portfolio for which FMR or an affiliate serves as investment advisor or (b) acquiring loans, loan participations, or other forms of direct debt instruments and, in connection therewith, assuming any

associated unfunded commitments of the sellers. (This limitation does not apply to purchases of debt securities or to repurchase agreements.)
(vi) Each 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.
(vii) Each fund does not currently intend to invest in oil, gas, or other mineral exploration or development programs or leases.
For each fund's limitations on futures and options transactions, see the section entitled "Limitations on Futures and Options Transactions." For limitations on short sales, see the section entitled "Short Sales."
For the funds' policies on foreign investments, see the section entitled "Foreign Investments."
Higher yielding, fixed-income securities of the type in which High Income Portfolio invests will at times be purchased at a discount from or a premium over par value. The total return on such securities includes the potential for a capital gain or loss. High Income Portfolio generally does not intend to hold securities for the purpose of achieving capital gains, however, unless current yields on these securities remain attractive. Capital gain or loss may also be realized upon the sale of portfolio securities.
The U.S. government has from time to time in the past imposed restrictions, through taxation and otherwise, on foreign investments by U.S. investors such as the funds. If such restrictions should be reinstituted, it might become necessary for Overseas Portfolio to invest all or substantially all of its assets in U.S. securities. In such event, the Board of Trustees would reevaluate the fund's investment objective and policies.
In accordance with the funds' fundamental investment policies, there are no limitations on the percentage of the funds' assets which may be invested in any one type of instrument. Nor are there limitations (except those imposed by certain state insurance regulations) on the percentage of the funds' assets which may be invested in any foreign country. However, in order to comply with diversification requirements under Section 817(h) of the Internal Revenue Code of 1986, as amended, in connection with FMR serving as investment advisor, each fund has agreed to certain non-fundamental limitations. Please refer to your insurance company's separate account prospectus for more information.
Each fund's investments must be consistent with its investment objective and policies. Accordingly, not all of the security types and investment techniques discussed below are eligible investments for each of the funds.
AFFILIATED BANK TRANSACTIONS. A fund may engage in transactions with financial institutions that are, or may be considered to be, "affiliated persons" of the fund under the Investment Company Act of 1940. These transactions may include repurchase agreements with custodian banks; short-term obligations of, and repurchase agreements with, the 50 largest U.S. banks (measured by deposits); municipal securities; U.S. government securities with affiliated financial institutions that are primary dealers in these securities; short-term currency transactions; and short-term borrowings. In accordance with exemptive orders issued by the Securities and Exchange Commission (SEC), the Board of Trustees has established and periodically reviews procedures applicable to transactions involving affiliated financial institutions.
FUNDS' RIGHTS AS A SHAREHOLDER. The funds do not intend to direct or administer the day-to-day operations of any company. Each fund, however, may exercise its rights as a shareholder and may communicate its views on important matters of policy to management, the Board of Directors, and shareholders of a company when FMR determines that such matters could have a significant effect on the value of the fund's investment in the company. The activities that a fund may engage in, either individually or in conjunction with others, may include, among others, supporting or opposing proposed changes in a company's corporate structure or business activities; seeking changes in a company's directors or management; seeking changes in a company's direction or policies; seeking the sale or reorganization of the company or a portion of its assets; or supporting or opposing third party takeover efforts. This area of corporate activity is increasingly prone to litigation and it is possible that a fund could be involved in lawsuits related to such activities. FMR will monitor such activities with a view to mitigating, to the extent possible, the risk of litigation against a fund and the risk of actual liability if a fund is involved in litigation. No guarantee can be made, however, that litigation against a fund will not be undertaken or liabilities incurred.
ASSET ALLOCATION (ASSET MANAGER AND ASSET MANAGER: GROWTH). The short-term class includes all types of domestic and foreign securities and short-term instruments with remaining maturities of three years or less. FMR seeks to maximize total return within this asset class by taking advantage of yield differentials between different instruments, issuers, and currencies. Short-term instruments may include corporate debt securities, such as commercial paper and notes; government securities issued by U.S. or foreign governments or their agencies or instrumentalities; bank deposits and other financial institution obligations; repurchase agreements involving any type of security; and other similar short-term instruments. These instruments may be denominated in U.S. dollars or foreign currency.
The bond class includes all varieties of domestic and foreign fixed-income

securities with maturities greater than three years. FMR seeks to maximize total return within the bond class by adjusting the fund's investments in securities with different credit qualities, maturities, and coupon or dividend rates, and by seeking to take advantage of yield differentials between securities. Securities in this class may include bonds, notes, adjustable-rate preferred stocks, convertible bonds, mortgage-related and asset-backed securities, domestic and foreign government and government agency securities, zero coupon bonds, and other intermediate-term and long-term securities. As with the short-term class, these securities may be denominated in U.S. dollars or foreign currency. The fund may also invest in lower quality, high-yielding debt securities (commonly referred to as "junk bonds").

The stock class includes domestic and foreign equity securities of all types (other than adjustable-rate preferred stocks which are included in the bond class). FMR seeks to maximize total return within this asset class by actively allocating assets to industry sectors expected to benefit from major trends, and to individual stocks that FMR believes to have superior investment potential. When FMR selects equity securities, it considers both growth and anticipated dividend income. Securities in the stock class may include common stocks, fixed-rate preferred stocks (including convertible preferred stocks), warrants, rights, depositary receipts, securities of closed-end investment companies, and other equity securities issued by companies of any size, located anywhere in the world.

In making asset allocation decisions, FMR will evaluate projections of risk, market conditions, economic conditions, volatility, yields, and returns. FMR's management will use database systems to help analyze past situations and trends, research specialists in each of the asset classes to help in securities selection, portfolio management professionals to determine asset allocation and to select individual securities, and its own credit analysis as well as credit analyses provided by rating services.

INVESTMENT DETAILS FOR INDEX 500 PORTFOLIO. Index 500 Portfolio is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial, and market analyses and investment judgment. Instead, the fund, utilizing a "passive" or "indexing" investment approach, attempts to duplicate the performance of the S&P 500. The fund may omit or remove an S&P 500 stock from its portfolio if, following objective criteria, FMR judges the stock to be insufficiently liquid or believes the merit of the investment has been substantially impaired by extraordinary events or financial conditions. FMR may purchase stocks that are not included in the S&P 500 to compensate for these differences if it believes that their prices will move together with the prices of S&P 500 stocks omitted from the portfolio.

The ability of the fund to meet its objective depends in part on its cash flow because investments and redemptions by shareholders generally will require the fund to purchase or sell portfolio securities. A low level of shareholder transactions will keep cash flow manageable and enhance the fund's ability to track the S&P 500. FMR will make investment changes to accommodate cash flow in an attempt to maintain the similarity of the fund's portfolio to the composition of the S&P 500. In addition, the fund will maintain a reasonable position in high-quality, short-term debt securities and money market instruments to meet redemption requests.

S&P 500. The S&P 500 is a well-known stock market index that includes common stocks of companies representing a significant portion of the market value of all common stocks publicly traded in the United States. Stocks in the S&P 500 are weighted according to their market capitalization (i.e. the number of shares outstanding multiplied by the stock's current price), with the 62 largest stocks currently comprised approximately 50% of the index's value. The composition of the S&P 500 is determined by Standard & Poor's Corporation and is based on such factors as the market capitalization and trading activity of each stock and its adequacy as a representation of stocks in a particular industry group. Standard and Poor's Corporation may change the index's composition from time to time.

The performance of the S&P 500 is a hypothetical number which does not take into account brokerage commissions and other costs of investing, which the fund bears.

LOWER-QUALITY DEBT SECURITIES. While the market for high-yield corporate debt securities has been in existence for many years and has weathered previous economic downturns, the 1980s brought a dramatic increase in the use of such securities to fund highly leveraged corporate acquisitions and restructurings. Past experience may not provide an accurate indication of the future performance of the high-yield bond market, especially during periods of economic recession. In fact, from 1989 to 1991, the percentage of lower-quality securities that defaulted rose significantly above prior levels, although the default rate has since declined.

The market for lower-quality debt securities may be thinner and less active than that for higher-quality debt securities, which can adversely affect the prices at which the former are sold. If market quotations are not available, lower-quality debt securities will be valued in accordance with procedures established by the Board of Trustees, including the use of outside pricing services. Judgment plays a greater role in valuing high-yield corporate debt securities than is the case for securities for which more external sources for quotations and last-sale information are available. Adverse publicity and changing investor perceptions may affect the ability of outside pricing services to value lower-quality debt

securities and a fund's ability to dispose of these securities.
Since the risk of default is higher for lower-quality debt securities, FMR's research and credit analysis are an especially important part of managing securities of this type held by a fund. In considering investments for the fund, FMR will attempt to identify those issuers of high-yielding securities whose financial condition is adequate to meet future obligations, has improved, or is expected to improve in the future. FMR's analysis focuses on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects, and the experience and managerial strength of the issuer.
Each fund may choose, at its expense or in conjunction with others, to pursue litigation or otherwise to exercise its rights as a security holder to seek to protect the interests of security holders if it determines this to be in the best interest of the fund's shareholders.
PUT FEATURES entitle the holder to sell a security back to the issuer or a third party at any time or at specified intervals. They are subject to the risk that the put provider is unable to honor the put feature (purchase the security). Put providers often support their ability to buy securities on demand by obtaining letters of credit or other guarantees from domestic or foreign banks. FMR may rely on its evaluation of a bank's credit in determining whether to purchase a security supported by a letter of credit. In evaluating a foreign bank's credit, FMR will consider whether adequate public information about the bank is available and whether the bank may be subject to unfavorable political or economic developments, currency controls, or other government restrictions that might affect the bank's ability to honor its credit commitment. Demand features, standby commitments, and tender options are types of put features.
SWAP AGREEMENTS. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a fund's exposure to long or short-term interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices or inflation rates. Swap agreements can take many different forms and are known by a variety of names. A fund is not limited to any particular form of swap agreement if FMR determines it is consistent with the fund's investment objective and policies.
In a typical cap or floor agreement, one party agrees to make payments only under specified circumstances, usually in return for payment of a fee by the other party. For example, the buyer of an interest rate cap obtains the right to receive payments to the extent that a specified interest rate exceeds an agreed-upon level, while the seller of an interest rate floor is obligated to make payments to the extent that a specified interest rate falls below an agreed-upon level. An interest rate collar combines elements of buying a cap and selling a floor.
The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, or other factors that determine the amounts of payments due to and from a fund. If a swap agreement calls for payments by the fund, the fund must be prepared to make such payments when due. In addition, if the counterparty's creditworthiness declined, the value of a swap agreement would be likely to decline, potentially resulting in losses. A fund expects to be able to eliminate its exposure under swap agreements either by assignment or other disposition, or by entering into an offsetting swap agreement with the same party or a similarly creditworthy party.
A fund will maintain appropriate liquid assets in a segregated custodial account to cover its current obligations under swap agreements. If a fund enters into a swap agreement on a net basis, it will segregate assets with a daily value at least equal to the excess, if any, of the fund's accrued obligations under the swap agreement over the accrued amount the fund is entitled to receive under the agreement. If a fund enters into a swap agreement on other than a net basis, it will segregate assets with a value equal to the full amount of the fund's accrued obligations under the agreement.
VARIABLE OR FLOATING RATE OBLIGATIONS bear variable or floating interest rates and may 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.
Money Market Portfolio may invest in variable or floating rate instruments tha t 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.

INDEXED SECURITIES. A fund may purchase securities whose prices are indexed to the prices of other securities, securities indices, currencies, precious metals or other commodities, or other financial indicators. Indexed securities typically, but not always, are debt securities or deposits whose value at maturity or coupon rate is determined by reference to a specific instrument or statistic. Gold-indexed securities, for example, typically provide for a maturity value that depends on the price of gold, resulting in a security whose price tends to rise and fall together with gold prices. Currency-indexed securities typically are short-term to intermediate-term debt securities whose maturity values or interest rates are determined by reference to the values of one or more specified foreign currencies, and may offer higher yields than U.S. dollar-denominated securities of equivalent issuers. Currency-indexed securities may be positively or negatively indexed; that is, their maturity value may increase when the specified currency value increases, resulting in a security that performs similarly to a foreign-denominated instrument, or their maturity value may decline when foreign currencies increase, resulting in a security whose price characteristics are similar to a put on the underlying currency. Currency-indexed securities may also have prices that depend on the values of a number of different foreign currencies relative to each other.

The performance of indexed securities depends to a great extent on the performance of the security, currency, or other instrument to which they are indexed, and may also be influenced by interest rate changes in the United States and abroad. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their values may decline substantially if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations, and certain U.S. government agencies. FMR will use its judgment in determining whether indexed securities should be treated as short-term instruments, bonds, stocks, or as a separate asset class for purposes of the fund's investment allocations, depending on the individual characteristics of the securities. Indexed securities may be more volatile than the underlying instruments.

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 a fund's investments and, through reports from FMR, the Board monitors investments in illiquid instruments. In determining the liquidity of a 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 the funds to be illiquid include repurchase agreements not entitling the holder to payment of principal and interest within seven days, over-the-counter options, and non-government stripped fixed-rate mortgage-backed securities. Also, FMR may determine some restricted securities, government-stripped fixed-rate mortgage-backed securities, loans and other direct debt instruments, emerging market securities, and swap agreements to be illiquid. However, with respect to over-the-counter options a fund writes, all or a portion of the value of the underlying instrument may be illiquid depending on the assets held to cover the option and the nature and terms of any agreement the fund may have to close out the option before expiration.

In the absence of market quotations, illiquid investments are p riced at fair value as determined in good faith by a committee appointed by the Board of Trustees (for Money Market Portfolio, illiquid investments are valued for purposes of monitoring amortized cost valuation). If through a change in values, net assets, or other circumstances, each fund were in a position where 10% or more than Money Market Portfolio's net assets and more than 10% of Equity-Income, Growth, Investment Grade Bond, Asset Manager, Index 500, Contrafund and Asset Manager: Growth Portfolios' net assets and more than 15% of High Income and Overseas Portfolio's net assets were invested in illiquid securities, each fund would seek to take appropriate steps to protect liquidity.

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, a 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 it may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, a fund might obtain a less favorable price than prevailed when it decided to seek registration of the security. However, in general, the money market fund anticipates holding restricted securities to maturity or selling them in an exempt transaction.

REPURCHASE AGREEMENTS. In a repurchase agreement, a fund purchases a security and simultaneously commits to sell that security back to the original seller at an agreed-upon price. 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. While it does not presently appear possible to eliminate all risks from these transactions (particularly the possibility that the value of the underlying security will be less than the resale price, as well as delays and costs to a fund in connection with bankruptcy proceedings), it is each fund's current policy to engage in repurchase agreement transactions with 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, the fund will maintain appropriate liquid assets in a segregated custodial account to cover its obligation under the agreement. A 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 the fund's assets and may be viewed as a form of leverage.

SECURITIES LENDING. A fund may lend securities to parties such as broker-dealers or institutional investors, including Fidelity Brokerage Services, Inc. (FBSI). FBSI is a member of the New York Stock Exchange (NYSE) and a subsidiary of FMR Corp.

Securities lending allows a fund to retain ownership of the securities loaned and, at the same time, to earn additional income. Since there may be delays in the recovery of loaned securities, or even a loss of rights in collateral supplied should the borrower fail financially, loans will be made only to parties deemed by FMR to be of good standing. Furthermore, they will only be made if, in FMR's judgment, the consideration to be earned from such loans would justify the risk.

FMR understands that it is the current view of the SEC Staff that a fund may engage in loan transactions only under the following conditions: (1) the fund must receive 100% collateral in the form of cash or cash equivalents (e.g., U.S. Treasury bills or notes) from the borrower; (2) the borrower must increase the collateral whenever the market value of the securities loaned (determined on a daily basis) rises above the value of the collateral; (3) after giving notice, the fund must be able to terminate the loan at any time; (4) the fund must receive reasonable interest on the loan or a flat fee from the borrower, as well as amounts equivalent to any dividends, interest, or other distributions on the securities loaned and to any increase in market value; (5) the fund may pay only reasonable custodian fees in connection with the loan; and (6) the Board of Trustees must be able to vote proxies on the securities loaned, either by terminating the loan or by entering into an alternative arrangement with the borrower.

Cash received through loan transactions may be invested in any security in which a fund is authorized to invest. Investing this cash subjects that investment, as well as the security loaned, to market forces (i.e., capital appreciation or depreciation).

LOANS AND OTHER DIRECT DEBT INSTRUMENTS. D irect debt instruments are interests in amounts owed by a corporate, governmental, or other borrower to lenders or lending syndicates (loans and loan participations), to suppliers of goods or services (trade claims or other receivables), or to other parties. Direct debt instruments are subject to a fund's policies regarding the quality of debt securities.

Purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the borrower for payment of principal and interest. Direct debt instruments may not be rated by any nationally recognized rating service. If a fund does not receive scheduled interest or principal payments on such indebtedness, the fund's share price and yield could be adversely affected. Loans that are fully secured offer the fund more protections than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the borrower's obligation, or that the collateral could be liquidated. Indebtedness of borrowers whose creditworthiness is poor involves substantially greater risks and may be highly speculative. Borrowers that are in bankruptcy or restructuring may never pay off their indebtedness, or may pay only a small fraction of the amount owed. Direct indebtedness of developing countries also involves a risk that the governmental entities responsible for the repayment of the debt may be unable, or unwilling, to pay interest and repay principal when due.

Investments in loans through direct assignment of a financial institution's interests with respect to a loan may involve additional risks to a fund. For example, if a loan is foreclosed, a fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, a fund could be held liable as a co-lender. Direct debt instruments may also involve a risk of insolvency of the lending bank or other intermediary. Direct debt instruments that are not in the form of securities may offer less legal protection to the fund in the event of fraud or misrepresentation. In the absence of definitive regulatory guidance, the fund relies on FMR's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect a fund.

A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness, a fund has direct recourse against the borrower, it may have to rely on the agent to apply appropriate credit remedies against a borrower. If assets held by the agent for the benefit of a fund were determined to be subject to the claims of the agent's general creditors, the fund might incur certain costs and delays in realizing payment on the loan or loan participation and could suffer a loss of principal or interest.

Direct indebtedness purchased by a fund may include letters of credit, revolving credit facilities, or other standby financing commitments obligating the fund to pay additional cash on demand. These commitments may have the effect of requiring the fund to increase its investment in a borrower at a time when it would not otherwise have done so, even if the borrower's condition makes it unlikely that the amount will ever be repaid. A fund will set aside appropriate liquid assets in a segregated custodial account to cover its potential obligations under standby financing commitments.

A fund limits the amount of total assets that it will invest in any one issuer or in issuers within the same industry (see limitations 1 and 5). For purposes of these limitations, a fund generally will treat the borrower as the "issuer" of indebtedness held by the fund. In the case of loan participations where a bank or other lending institution serves as financial intermediary between a fund and the borrower, if the participation does not shift to the fund the direct debtor-creditor relationship with the borrower, SEC interpretations require a fund, in appropriate circumstances, to treat both the lending bank or other lending institution and the borrower as "issuers" for these purposes. Treating a financial intermediary as an issuer of indebtedness may restrict the funds' ability to invest in indebtedness related to a single financial intermediary, or a group of intermediaries engaged in the same industry, even if the underlying borrowers represent many different companies and industries.

ASSET-BACKED SECURITIES 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.

ZERO COUPON BONDS. Zero coupon bonds do not make interest payments; instead, they are sold at a deep discount from their face value and are redeemed at face value when they mature. Because zero coupon bonds do not pay current income, their prices can be very volatile when interest rates change. In calculating its dividends, a fund takes into account as income a portion of the difference between a zero coupon bond's purchase price and its face value.

A broker-dealer creates a DERIVATIVE ZERO by separating the interest and principal components of a U.S. Treasury security and selling them as two individual securities. CATS (Certificates of Accrual on Treasury Securities), TIGRs (Treasury Investment Growth Receipts), and TRs (Treasury Receipts) are examples of derivative zeros.

STRIPPED GOVERNMENT SECURITIES. Stripped securities are created by separating the income and principal components of a debt instrument and selling them separately. A fund may purchase U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities), which 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 can also be stripped in this fashion and are eligible investments for the funds.

A fund 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, Money Market Portfolio must evaluate them as it would non-government securities pursuant to regulatory guidelines applicable to all money market funds. Money Market Portfolio 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.

STRIPPED MORTGAGE-BACKED SECURITIES are created when a U.S. government agency or a financial institution separates the interest and principal components of a mortgage-backed security and sells them as individual securities. The holder of the "principal-only" security (PO) receives the principal payments made by the underlying mortgage-backed security, while the holder of the "interest-only" security (IO) receives interest payments from the same underlying security.

The prices of stripped mortgage-backed securities may be particularly affected by changes in interest rates. As interest rates fall, prepayment rates tend to increase, which tends to reduce prices of IOs and increase prices of POs. Rising interest rates can have the opposite effect.

MORTGAGE-BACKED SECURITIES. The funds may purchase mortgage-backed securities issued by government and non-government entities such as banks, mortgage lenders, or other financial institutions. A mortgage-backed security is an obligation of the issuer backed by a mortgage or pool of mortgages or a direct interest in an underlying pool of mortgages. Some mortgage-backed securities, such as collateralized mortgage obligations or CMOs, make payments of both principal and interest at a variety of intervals; others make semiannual interest payments at a predetermined rate and repay principal at maturity (like a typical bond). Mortgage-backed securities are based on different types of mortgages including those on commercial real estate or residential properties. Other types of mortgage-backed securities will likely be developed in the future, and the funds may invest in them if FMR determines they are consistent with the funds' investment objective and policies.

The value of mortgage-backed securities may change due to shifts in the market's perception of issuers. In addition, regulatory or tax changes may adversely affect the mortgage securities market as a whole. Non-government mortgage-backed securities may offer higher yields than those issued by government entities, but also may be subject to greater price changes than government issues. Mortgage-backed securities are subject to prepayment risk. Prepayment, which occurs when unscheduled or early payments are made on the underlying mortgages, may shorten the effective maturities of these securities and may lower their total returns.

REAL ESTATE-RELATED INSTRUMENTS include real estate investment trusts, commercial and residential mortgage-backed securities, and real estate financings. Real estate-related instruments are sensitive to factors such as real estate values and property taxes, interest rates, cash flow of underlying real estate assets, overbuilding, and the management skill and creditworthiness of the issuer. Real estate-related instruments may also be affected by tax and regulatory requirements, such as those relating to the environment.

WARRANTS. Warrants are securities that give a fund the right to purchase equity securities from the issuer at a specific price (the strike price) for a limited period of time. The strike price of warrants typically is much lower than the current market price of the underlying securities, yet they are subject to similar price fluctuations. As a result, warrants may be more volatile investments than the underlying securities and may offer greater potential for capital appreciation as well as capital loss.

Warrants do not entitle a holder to dividends or voting rights with respect to the underlying securities and do not represent any rights in the assets if the issuing company. Also, the value of the warrant does not necessarily change with the value of the underlying securities and a warrant ceases to have value if it is not exercised prior to expiration date. These factors can make warrants more speculative than other types of investments.

SOVEREIGN DEBT OBLIGATIONS Overseas Portfolio may purchase sovereign debt instruments issued or guaranteed by foreign governments or their agencies, including debt of Latin American nations or other developing countries. Sovereign debt may be in the form of conventional securities or other types of debt instruments such as loans or loan participations. Sovereign debt of developing countries may involve a high degree of risk, and may be in default or present the risk of default. Governmental entities responsible for repayment of the debt may be unable or unwilling to repay principal and interest when due, and may require renegotiation or rescheduling of debt payments. In addition, prospects for repayment of principal and interest may depend on political as well as economic factors.

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.

A fund may enter into SHORT SALES with respect to stocks underlying its convertible security holdings. For example, if FMR anticipates a decline in the price of the stock underlying a convertible security a fund holds, it may sell the stock short. If the stock price subsequently declines, the proceeds of the short sale could be expected to offset all or a portion of the effect of the stock's decline on the value of the convertible security. Each fund currently intends to hedge no more than 15% of its total assets with short sales on equity securities underlying its convertible security holdings under normal circumstances.

When a fund enters into a short sale, it will be required to set aside securities equivalent in kind and amount to those sold short (or securities convertible or exchangeable into such securities) and will be required to hold them aside while the short sale is outstanding. A fund will incur transaction costs, including interest expense, in connection with opening, maintaining, and closing short sales.

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. Interfund loans and borrowings normally will extend overnight, but can have a maximum duration of seven days. Loans may be called on one day's notice. The funds 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), and will borrow through the program only when the costs are equal to or lower than the cost of bank loans. The funds may have to borrow from a bank at a higher interest rate if an interfund loan is called or not renewed. Any delay in repayment to a lending fund could result in a lost investment opportunity or additional borrowing costs.

FOREIGN INVESTMENTS. Investing in securities issued by companies or other issuers whose principal activities are outside the United States may involve significant risks in addition to the risks inherent in U.S. investments. The value of securities denominated in foreign currencies and of dividends and interest paid with respect to such securities will fluctuate based on the relative strength of the U.S. dollar. In addition, there is generally less publicly available information about foreign issuers' financial condition and operations, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Foreign issuers are generally not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to U.S. issuers. Further, economies of particular countries or areas of the world may differ favorably or unfavorably from the economy of the United States.

Investing abroad also involves different political and economic risks. Foreign investments may be affected by actions of foreign governments adverse to the interests of U.S. investors, including the possibility of expropriation or nationalization of assets, confiscatory taxation, restrictions on U.S. investment or on the ability to repatriate assets or convert currency into U.S. dollars, or other government intervention. There may be a greater possibility of default by foreign governments or foreign government-sponsored enterprises. Investments in foreign countries also involve a risk of local political, economic, or social instability, military action or unrest, or adverse diplomatic developments. There is no assurance that FMR will be able to anticipate these potential events or counter their effects. The considerations noted above generally are intensified for investments in developing countries. Developing countries may have relatively unstable governments, economies based on only a few industries, and securities markets that trade a small number of securities. Foreign markets may offer less protection to investors than U.S. markets. It is anticipated that in most cases the best available market for foreign securities will be on exchanges or in over-the-counter markets located outside of the United States. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. issuers. Foreign security trading practices, including those involving securities settlement where fund assets may be released prior to receipt of payment, may expose a fund to increased risk in the event of a failed trade or the insolvency of a foreign broker-dealer, and may involve substantial delays. In addition, the costs of foreign investing, including withholding taxes, brokerage commissions and custodial costs, are generally higher than for U.S. investors. In general, there is less overall governmental supervision and regulation of securities exchanges, brokers, and listed companies than in the United States. It may also be difficult to enforce legal rights in foreign countries.

A fund may invest in foreign securities that impose restrictions on transfer within the United States or to U.S. persons. Although securities subject to such transfer restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions.

A fund may invest in American Depository Receipts and European Depository Receipts (ADRs and EDRs), which are certificates evidencing ownership of shares of a foreign-based issuer held in trust by a bank or similar financial institution. Designed for use in the U.S. and European securities markets, respectively, ADRs and EDRs are alternatives to the purchase of the underlying securities in their national markets and currencies.

FOREIGN CURRENCY TRANSACTIONS. (excludes Money Market Portfolio) The funds may conduct foreign currency transactions on a spot (i.e., cash) basis or by entering into forward contracts to purchase or sell foreign currencies at a future date and price. The funds will convert currency on a spot basis from time to time, and investors should be aware of the costs of currency conversion. Although foreign exchange dealers generally do not charge a fee for conversion, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the fund at one rate, while offering a lesser rate of exchange should the fund desire to resell that currency to the dealer. Forward contracts are generally traded in an interbank market conducted directly between currency traders (usually large commercial banks) and their customers. The parties to a forward contract may agree to offset or terminate the contract before its maturity, or may hold the contract to maturity and complete the contemplated currency exchange.

Each fund may use currency forward contracts for any purpose consistent with its investment objective. The following discussion summarizes the principal currency management strategies involving forward contracts that could be used by each fund. The funds may also use swap agreements, indexed securities, and options and futures contracts relating to foreign currencies for the same purposes.

When a fund agrees to buy or sell a security denominated in a foreign currency, it may desire to "lock in" the U.S. dollar price of the security. By entering into a forward contract for the purchase or sale, for a fixed amount of U.S. dollars, of the amount of foreign currency involved in the underlying security transaction, the fund will be able to protect itself against an adverse change in foreign currency values between the date the security is purchased or sold and the date on which payment is made or received. This technique is sometimes referred to as a "settlement hedge" or "transaction hedge." The funds may also enter into forward contracts to purchase or sell a foreign currency in anticipation of future purchases or sales of securities denominated in foreign currency, even if the specific investments have not yet been selected by FMR.

The funds may also use forward contracts to hedge against a decline in the value of existing investments denominated in foreign currency. For example, if a fund owned securities denominated in pounds sterling, it could enter into a forward contract to sell pounds sterling in return for U.S. dollars to hedge against possible declines in the pound's value. Such a hedge, sometimes referred to as a "position hedge," would tend to offset both positive and negative currency fluctuations, but would not offset changes in security values caused by other factors. A fund could also hedge the position by selling another currency expected to perform similarly to the pound sterling - for example, by entering into a forward contract to sell Deutschemarks or European Currency Units in return for U.S. dollars. This type of hedge, sometimes referred to as a "proxy hedge," could offer advantages in terms of cost, yield, or efficiency, but generally would not hedge currency exposure as effectively as a simple hedge into U.S. dollars. Proxy hedges may result in losses if the currency used to hedge does not perform similarly to the currency in which the hedged securities are denominated.

Each fund may enter into forward contracts to shift its investment exposure from one currency into another. This may include shifting exposure from U.S. dollars to a foreign currency, or from one foreign currency to another foreign currency. For example, if a fund held investments denominated in Deutschemarks, the fund could enter into forward contracts to sell Deutschemarks and purchase Swiss Francs. This type of strategy, sometimes known as a "cross-hedge," will tend to reduce or eliminate exposure to the currency that is sold, and increase exposure to the currency that is purchased, much as if the fund had sold a security denominated in one currency and purchased an equivalent security denominated in another. Cross-hedges protect against losses resulting from a decline in the hedged currency, but will cause the fund to assume the risk of fluctuations in the value of the currency it purchases.

Under certain conditions, SEC guidelines require mutual funds to set aside appropriate liquid assets in a segregated custodial account to cover currency forward contracts. As required by SEC guidelines, the funds will segregate assets to cover currency forward contracts, if any, whose purpose is essentially speculative. The funds will not segregate assets to cover forward contracts entered into for hedging purposes, including settlement hedges, position hedges, and proxy hedges.

Successful use of currency management strategies will depend on FMR's skill in analyzing and predicting currency values. Currency management strategies may substantially change a fund's investment exposure to changes in currency exchange rates, and could result in losses to the fund if currencies do not perform as FMR anticipates. For example, if a currency's value rose at a time when FMR had hedged a fund by selling that currency in exchange for dollars, the fund would be unable to participate in the currency's appreciation. If FMR hedges currency exposure through proxy hedges, a fund could realize currency losses from the hedge and the security position at the same time if the two currencies do not move in tandem. Similarly, if FMR increases a fund's exposure to a foreign currency, and that currency's value declines, the fund will realize a loss. There is no assurance that FMR's use of currency management strategies will be advantageous to the funds or that it will hedge at an appropriate time.

LIMITATIONS ON FUTURES AND OPTIONS TRANSACTIONS. (excludes Money Market Portfolio) Each fund has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" with the Commodity Futures Trading Commission (CFTC) and the National Futures Association, which regulate trading in the futures markets. The funds intend to comply with Rule 4.5 under the Commodity Exchange Act, which limits the extent to which a fund can commit assets to initial margin deposits and option premiums.

In addition, each fund (excluding Index 500 Portfolio) will not: (a) sell futures contracts, purchase put options, or write call options if, as a result, more than 25% of the fund's total assets would be hedged with futures and options under normal conditions; (b) purchase futures contracts or write put options if, as a result, the fund's total obligations upon settlement or exercise of purchased futures contracts and written put options would exceed 25% of its total assets; or (c) purchase call options if, as a result, the current value of option premiums for call options purchased by the fund would exceed 5% of the fund's total assets. These limitations do not apply to options attached to or acquired or traded together with their underlying securities, and do not apply to securities that incorporate features similar to options.

For Index 500 Portfolio, FMR also intends to follow certain other limitations on the fund's futures and options activities. Under normal conditions, the fund will not enter into any futures contract or option if, as a result, the sum of (i) the current value of assets hedged in the case of strategies involving the sale of securities, and (ii) the current value of the indices or other instruments underlying the fund's other futures or options positions, would exceed 35% of the fund's total assets. These limitations do not apply to options attached to, or acquired or traded together with their underlying securities, and do not apply to securities that incorporate features similar to options.

The above limitations on the funds' investments in futures contracts and options, and the funds' policies regarding futures contracts and options discussed elsewhere in this Statement of Additional Information may be changed as regulatory agencies permit.

FUTURES CONTRACTS. When a fund purchases a futures contract, it agrees to purchase a specified underlying instrument at a specified future date. When a fund sells a futures contract, it agrees to sell the underlying instrument at a specified future date. The price at which the purchase and sale will take place is fixed when a fund enters into the contract. Some currently available futures contracts are based on specific securities, such as U.S. Treasury bonds or notes, and some are based on indices of securities prices, such as the Standard & Poor's Composite Index of 500 Stocks (S&P 500). Futures can be held until their delivery dates, or can be closed out before then if a liquid secondary market is available.

The value of a futures contract tends to increase and decrease in tandem with the value of its underlying instrument. Therefore, purchasing futures contracts will tend to increase a fund's exposure to positive and negative price fluctuations in the underlying instrument, much as if it had purchased the underlying instrument directly. When a fund sells a futures contract, by contrast, the value of its futures position will tend to move in a direction contrary to the market. Selling futures contracts, therefore, will tend to offset both positive and negative market price changes, much as if the underlying instrument had been sold.

FUTURES MARGIN PAYMENTS. The purchaser or seller of a futures contract is not required to deliver or pay for the underlying instrument unless the contract is held until the delivery date. However, both the purchaser and seller are required to deposit "initial margin" with a futures broker, known as a futures commission merchant (FCM), when the contract is entered into. Initial margin deposits are typically equal to a percentage of the contract's value. If the value of either party's position declines, that party will be required to make additional "variation margin" payments to settle the change in value on a daily basis. The party that has a gain may be entitled to receive all or a portion of this amount. Initial and variation margin payments do not constitute purchasing securities on margin for purposes of a fund's investment limitations. In the event of the bankruptcy of an FCM that holds margin on behalf of a fund, the fund may be entitled to return of margin owed to it only in proportion to the amount received by the FCM's other customers, potentially resulting in losses to the fund.

PURCHASING PUT AND CALL OPTIONS. By purchasing a put option, a fund obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the fund pays the current market price for the option (known as the option premium). Options have various types of underlying instruments, including specific securities, indices of securities prices, and futures contracts. The fund may terminate its position in a put option it has purchased by allowing it to expire or by exercising the option. If the option is allowed to expire, the fund will lose the entire premium it paid. If the fund exercises the option, it completes the sale of the underlying instrument at the strike price. A fund may also terminate a put option position by closing it out in the secondary market at its current price, if a liquid secondary market exists.

The buyer of a typical put option can expect to realize a gain if security prices fall substantially. However, if the underlying instrument's price does not fall enough to offset the cost of purchasing the option, a put buyer can expect to suffer a loss (limited to the amount of the premium paid, plus related transaction costs).

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A call buyer typically attempts to participate in potential price increases of the underlying instrument with risk limited to the cost of the option if security prices fall. At the same time, the buyer can expect to suffer a loss if security prices do not rise sufficiently to offset the cost of the option.

WRITING PUT AND CALL OPTIONS. When a fund writes a put option, it takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the fund assumes the obligation to pay the strike price for the option's underlying instrument if the other party to the option chooses to exercise it. When writing an option on a futures contract, the fund will be required to make margin payments to an FCM as described above for futures contracts. A fund may seek to terminate its position in a put option it writes before exercise by closing out the option in the secondary market at its current price. If the secondary market is not liquid for a put option the fund has written, however, the fund must continue to be prepared to pay the strike price while the option is outstanding, regardless of price changes, and must continue to set aside assets to cover its position.

If security prices rise, a put writer would generally expect to profit, although its gain would be limited to the amount of the premium it received. If security prices remain the same over time, it is likely that the writer will also profit, because it should be able to close out the option at a lower price. If security prices fall, the put writer would expect to suffer a loss. This loss should be less than the loss from purchasing the underlying instrument directly, however, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates a fund to sell or deliver the option's underlying instrument, in return for the strike price, upon exercise of the option. The characteristics of writing call options are similar to those of writing put options, except that writing calls generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer mitigates the effects of a price decline. At the same time, because a call writer must be prepared to deliver the underlying instrument in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in security price increases.

COMBINED POSITIONS. A fund may purchase and write options in combination with each other, or in combination with futures or forward contracts, to adjust the risk and return characteristics of the overall position. For example, a fund may purchase a put option and write a call option on the same underlying instrument, in order to construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, in order to reduce the risk of the written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

CORRELATION OF PRICE CHANGES. Because there are a limited number of types of exchange-traded options and futures contracts, it is likely that the standardized contracts available will not match a fund's current or anticipated investments exactly. The funds may invest in options and futures contracts based on securities with different issuers, maturities, or other characteristics from the securities in which they typically invest, which involves a risk that the options or futures position will not track the performance of a fund's other investments.

Options and futures prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match a fund's investments well. Options and futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the options and futures markets and the securities markets, from structural differences in how options and futures and securities are traded, or from imposition of daily price fluctuation limits or trading halts. A fund may purchase or sell options and futures contracts with a greater or lesser value than the securities it wishes to hedge or intends to purchase in order to attempt to compensate for differences in volatility between the contract and the securities, although this may not be successful in all cases. If price changes in a fund's options or futures positions are poorly correlated with its other investments, the positions may fail to produce anticipated gains or result in losses that are not offset by gains in other investments.

LIQUIDITY OF OPTIONS AND FUTURES CONTRACTS. There is no assurance a liquid secondary market will exist for any particular options or futures contract at any particular time. Options may have relatively low trading volume and liquidity if their strike prices are not close to the underlying instrument's current price. In addition, exchanges may establish daily price fluctuation limits for options and futures contracts, and may halt trading if a contract's price moves upward or downward more than the limit in a given day. On volatile trading days when the price fluctuation limit is reached or a trading halt is imposed, it may be impossible for a fund to enter into new positions or close out existing positions. If the secondary market for a contract is not liquid because of price fluctuation limits or otherwise, it could prevent prompt liquidation of unfavorable positions, and potentially could require a fund to continue to hold a position until delivery or expiration regardless of changes in its value. As a result, a fund's access to other assets held to cover its options or futures positions could also be impaired.

OTC OPTIONS. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter (OTC) options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows the funds greater flexibility to tailor an option to its needs, OTC options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

OPTIONS AND FUTURES RELATING TO FOREIGN CURRENCIES. Currency futures contracts are similar to forward currency exchange contracts, except that they are traded on exchanges (and have margin requirements) and are standardized as to contract size and delivery date. Most currency futures contracts call for payment or delivery in U.S. dollars. The underlying instrument of a currency option may be a foreign currency, which generally is purchased or delivered in exchange for U.S. dollars, or may be a futures contract. The purchaser of a currency call obtains the right to purchase the underlying currency, and the purchaser of a currency put obtains the right to sell the underlying currency.

ASSET COVERAGE FOR FUTURES AND OPTIONS POSITIONS. The funds will comply with guidelines established by the SEC with respect to coverage of options and futures strategies by mutual funds, and if the guidelines so require will set aside appropriate liquid assets in a segregated custodial account in the amount prescribed. Securities held in a segregated account cannot be sold while the futures or option strategy is outstanding, unless they are replaced with other suitable assets. As a result, there is a possibility that segregation of a large percentage of a fund's assets could impede portfolio management or the fund's ability to meet redemption requests or other current obligations.

PORTFOLIO TRANSACTIONS

All orders for the purchase or sale of portfolio securities are placed on behalf of each fund by FMR pursuant to authority contained in the management contract. If FMR grants investment management authority to the sub-advisers (see the section entitled "Management Contracts"), the sub-advisers are authorized to place orders for the purchase and sale of portfolio securities, and will do so in accordance with the policies described below. 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. In selecting broker-dealers, subject to applicable limitations of the federal securities laws, FMR considers 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. Commissions for foreign investments traded on foreign exchanges generally will be higher than for U.S. investments and may not be subject to negotiation.

Each fund may execute portfolio transactions with broker-dealers who provide research and execution services to a fund 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 a fund's money market securities are placed with 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 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) in accordance with a ranking of broker-dealers determined periodically by FMR's investment staff 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, such 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 the 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 each fund 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 funds 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 Fidelity Brokerage Services, Ltd. (FBSL), subsidiaries of FMR Corp., if the commissions are fair, reasonable, and comparable to commissions charged by non-affiliated, qualified brokerage firms for similar services. Prior to September 4, 1992, FBSL operated under the name Fidelity Portfolio Services, Ltd. (FPSL) as a wholly owned subsidiary of Fidelity International Limited (FIL). Edward C. Johnson 3d is Chairman of FIL. Mr. Johnson 3d, Johnson family members, and various trusts for the benefit of the Johnson family own, directly or indirectly, more than 25% of the voting common stock of FIL.

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, unless certain requirements are satisfied. Pursuant to such requirements, the Board of Trustees has authorized FBSI to execute portfolio transactions on national securities exchanges in accordance with approved procedures and applicable SEC rules.

Each fund's 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 each fund over representative periods of time to determine if they are reasonable in relation to the benefits to the fund.

Because a high turnover rate increases brokerage costs, FMR carefully weighs the added costs of short-term investment against anticipated gain. For fiscal years ended December 31, each fund had the following turnover rates:

YEAR	HIGH INCOME	EQUITY-INCOME	GROWTH	OVERSEAS	INVESTMENT GRADE BOND	ASSET MANAGER	INDEX 500
1994	122%	134%	122%	42%	143%	85%	2%
1993	155%	120%	159%	42%	70%	113%	9%

BROKERAGE COMMISSIONS. The following lists the percentage of the brokerage commissions paid to brokerage firms which provided research services; the total brokerage commissions paid; the commissions paid to FBSI and FBSL in dollars and as a percentage of the dollar value of all transactions in which brokerage commissions were paid for the fiscal periods ended December 31, 1994, 1993 and 1992 for each of the funds. No commissions were paid by Money Market and Investment Grade Bond Portfolios. The funds pay both commissions and spreads in connection with the placement of portfolio transactions. The difference in the percentage of brokerage commissions paid to, and the percentage of the dollar amount of transactions effected through FBSI and FBSL, are mainly due to the results of the low commission rates charged by FBSI and FBSL.

HIGH INCOME PORTFOLIO

<TABLE>
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<S> Period Ended	<C> TOTAL	<C> % Paid to Firms Providing Research	<C> To FBSI	<C> To FBSL	<C> % to FBSI	<C> % to FBSL	<C> % Transactions through FBSI	<C> % Transactions through FBSL
1994	$135,013	98%	$24,140	$0	18%	0%	29%	0%
1993	25,198	99	0	0	0	0	0	0
1992	9,568	100	7	0	0	0	0	0

</TABLE>

EQUITY-INCOME PORTFOLIO

<TABLE>
<CAPTION>

<S> Period Ended	<C> TOTAL	<C> % Paid to Firms Providing Research	<C> To FBSI	<C> To FBSL	<C> % to FBSI	<C> % to FBSL	<C> % Transactions through FBSI	<C> % Transactions through FBSL
1994	$4,893,684	95%	$1,717,630	$116,658	35%	2%	46%	1%
1993	2,658,979	68	712,270	51,049	27	2	42	0

</TABLE>

1992	752,271	65	263,440	0	35	0	46	0

GROWTH PORTFOLIO

<TABLE>
<CAPTION>

Period Ended	TOTAL	% Paid to Firms Providing Research	To FBSI	To FBSL	% to FBSI	% to FBSL	% Transactions through FBSI	% Transactio ns through FBSL
1994	$3,120,411	97%	$956,332	$0	31%	0%	44%	0%
1993	2,137,399	49	750,137	0	35	0	48	0
1992	2,073,624	59	599,019	0	29	0	37	0

</TABLE>

OVERSEAS PORTFOLIO

<TABLE>
<CAPTION>

Period Ended	TOTAL	% Paid to Firms Providing Research	To FBSI	To FBSL	% to FBSI	% to FBSL	% Transactions through FBSI	% Transactions through FBSL
1994	$2,985,961	90%	$1,605	$255,413	0%	9%	0%	11%
1993	1,541,385	92	3,119	13,077	0	1	1	0
1992	602,862	85	0	4,314	0	1	0	1

</TABLE>

ASSET MANAGER PORTFOLIO

<TABLE>
<CAPTION>

Period Ended	TOTAL	% Paid to Firms Providing Research	To FBSI	To FBSL	% to FBSI	% to FBSL	% Transactions through FBSI	% Transactions through FBSL
1994	$3,316,118	92%	$583,097	$107,280	18%	3%	32%	3%
1993	2,839,401	73	398,687	43,172	14	2	29	0
1992	544,613	68	100,724	179	19	0	28	0

</TABLE>

INDEX 500 PORTFOLIO

<TABLE>
<CAPTION>

Period Ended	TOTAL	% Paid to Firms Providing Research	To FBSI	To FBSL	% to FBSI	% to FBSL	% Transactions through FBSI	% Transactions through FBSL
1994	$10,286	1%	$17	$0	0%	0%	0%	0%
1993	3,870	4	123	0	3	0	3	0
1992	5,980	0	112	0	2	0	2	0

</TABLE>

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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. Each fund seeks 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 each fund to seek such recapture.

Although the Trustees and officers of each fund 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 and accounts are managed by the same investment adviser, particularly when the same security is suitable for the investment objective of more than one fund or account.

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 procedures believed to be appropriate and equitable for each fund. In some cases this system could have a detrimental effect on the price or value of the security as far as each fund is concerned. In other cases, however, the ability of the funds to participate in volume transactions will produce better executions and prices for the funds. It is the current opinion of the Trustees that the desirability of retaining FMR as investment adviser to each fund outweighs any disadvantages that may be said to exist from exposure to simultaneous transactions.

VALUATION OF PORTFOLIO SECURITIES

MONEY MARKET PORTFOLIO

The 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 the fund would receive if it sold the instrument.

Valuing the 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 1940 Act. The fund must adhere to certain conditions under Rule 2a-7.

The Board of Trustees of the trust oversees FMR's adherence to SEC rules concerning money market funds, and has established procedures designed to stabilize the fund's net asset value (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 the 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, the fund's yield based on amortized cost may be higher than the yield based on market valuations. Under these circumstances, a shareholder of the fund would be able to obtain a somewhat higher yield than would result if the fund utilized market valuations to determine its NAV. The converse would apply in a period of rising interest rates.

INVESTMENT GRADE BOND AND HIGH INCOME PORTFOLIOS

Securities and other assets for which market quotations are readily available are valued at market values determined by their most recent bid prices (sales prices if the principal market is an exchange) in the principal market in which such securities normally are traded. Securities and other assets for which market quotations are not readily available (including restricted securities, if any) are appraised at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees.

Securities may also be valued on the basis of valuations furnished by a pricing service that uses both dealer-supplied valuations and evaluations based on expert analysis of market data and other factors if such valuations are believed to reflect more accurately the fair value of such securities. Use of a pricing service has been approved by the Board of Trustees. There are a number of pricing services available, and the Trustees, or officers acting on behalf of the Trustees, on the basis of ongoing evaluation of these pricing services, may use other pricing services or may discontinue the use of any pricing service in whole or in part.

Securities not valued by the pricing service, and for which quotations are readily available, are valued at market values determined on the basis of their latest available bid prices as furnished by recognized dealers in such securities. Futures contracts and options are valued on the basis of market quotations, if available.

EQUITY-INCOME, GROWTH, OVERSEAS, ASSET MANAGER, CONTRAFUND ASSET MANAGER: GROWTH AND INDEX 500 PORTFOLIOS

Portfolio securities are valued by various methods depending on the primary market or exchange on which they trade. Most equity securities for which the primary market is the U.S. are valued at last sale price or, if no sale has occurred, at the closing bid price. Most equity securities for which the primary market is outside the U.S. are valued using the official closing price or the last sale price in the principal market where they are traded. If the last sale price (on the local exchange) is unavailable, the last evaluated quote or last bid price is normally used. Short-term securities are valued either at amortized cost or at original cost plus accrued interest, both of which approximate current value. Convertible securities and fixed-income securities are valued primarily by a pricing service that uses a vendor security valuation matrix which incorporates both dealer-supplied valuations and electronic data processing techniques. This two-fold approach is believed to more accurately reflect fair value because it takes into account appropriate factors such as institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data, without exclusive reliance upon quoted, exchange, or over-the counter prices. Use of pricing services has been approved by the Board of Trustees. Securities and other assets for which there is no readily available market are valued in good faith by a committee appointed by the Board of Trustees. The procedures set forth above need not be used to determine the value of the securities owned by the fund if, in the opinion of a committee appointed by the Board of Trustees, some other method (e.g., closing over-the-counter bid prices in the case of debt instruments traded on an exchange) would more accurately reflect the fair market value of such securities.

Generally, the valuation of foreign and domestic equity securities, as well as corporate bonds, U.S. government securities, money market instruments, and repurchase agreements, is substantially completed each day at the close of the NYSE. The values of any such securities held by the fund are determined as of such time for the purpose of computing the fund's net asset value. Foreign security prices are furnished by independent brokers or quotation services which express the value of securities in their local currency. Fidelity Service Company (FSC) gathers all exchange rates daily at the close of the NYSE using the last quoted price on the local currency and then translates the value of foreign securities from their local currency into U.S. dollars. Any changes in the value of forward contracts due to exchange rate fluctuations and days to maturity are included in the calculation of net asset value. If an extraordinary event that is expected to materially affect the value of a portfolio security occurs after the close of an exchange on which that security is traded, then the security will be valued as determined in good faith by a committee appointed by the Board of Trustees.

PERFORMANCE

A fund may quote performance in various ways. All performance information supplied by a fund in advertising is historical and is not intended to indicate future returns. The funds' share price, total return (excluding Money Market Portfolio) and yield will fluctuate in response to market conditions and other factors, and the value of fund shares when redeemed may be more or less than their original cost.

YIELD CALCULATION (MONEY MARKET PORTFOLIO). To compute the 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 one 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. The fund also may calculate an effective yield by compounding the base period return over a one-year period. In addition to the current yield, the fund may quote yields in advertising based on any historical seven-day period. Yields for the fund are calculated on the same basis as other money market funds, as required by applicable regulations.

YIELD CALCULATIONS (EXCLUDING MONEY MARKET PORTFOLIO). Yields for a fund are computed by dividing the fund's interest and dividend income for a given 30-day or one-month period, net of expenses, by the average number of shares entitled to receive distributions during the period, dividing this figure by the fund's net asset value (NAV) at the end of the period, and annualizing the result (assuming compounding of income) in order to arrive at an annual percentage rate. Income is calculated for purposes of yield quotations in accordance with standardized methods applicable to all stock and bond funds. Dividends from equity investments are treated as if they were accrued on a daily basis, solely for the purposes of yield calculations. In general, interest income is reduced with respect to bonds trading at a premium over their par value by subtracting a portion of the premium from income on a daily basis, and is increased with respect to bonds trading at a discount by adding a portion of the discount to daily income. For a fund's investments denominated in foreign currencies, income and expenses are calculated first in their respective currencies, and are then converted to U.S. dollars, either when they are actually converted or at the end of the 30-day or one month period, whichever is earlier. Capital gains and losses generally are excluded from the calculation as are gains and losses from currency exchange rate fluctuations.

Yield information may be useful in reviewing the fund's performance and in providing a basis for comparison with other investment alternatives. However, a fund's yield fluctuates, unlike investments that pay a fixed interest rate over a stated period of time. When comparing investment alternatives, investors should also note the quality and maturity of the portfolio securities of respective investment companies they have chosen to consider.

Investors should recognize that in periods of declining interest rates a fund's yield will tend to be somewhat higher than prevailing market rates, and in periods of rising interest rates a fund's yield 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 fund's holdings, thereby reducing the fund's current yield. 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 return, including the effect of reinvesting dividends and capital gain distributions, and any change in the fund's NAV over a stated period. Average annual total 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 period. For example, a cumulative total return of 100% over ten years would produce an average annual return of 7.18%, which is the steady annual rate of return that would equal 100% growth on a compounded basis in ten years. Average annual returns covering periods of less than one year are calculated by determining a fund's total return for the period, extending that return for a full year (assuming that return remains constant over the year), and quoting the result as an annual return. 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 returns represent averaged figures as opposed to the actual year-to-year performance of the fund.

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) in order to illustrate the relationship of these factors and their contributions to total return. Total returns may be quoted on a before-tax or after-tax basis. Total returns, yields, and other performance information may be quoted numerically or in a table, graph, or similar illustration.

NET ASSET VALUE. Charts and graphs using a fund's net asset values, adjusted net asset values, and benchmark indices may be used to exhibit performance. An adjusted NAV includes any distributions paid by a fund and reflects all elements of its return. Unless otherwise indicated, a fund's adjusted NAVs are not adjusted for sales charges, if any.

MOVING AVERAGES. A fund may illustrate performance using moving averages. A long-term moving average is the average of each week's adjusted closing NAV for a specified period. A short-term moving average is the average of each day's adjusted closing NAV for a specified period. Moving Average Activity Indicators combine adjusted closing NAVs from the last business day of each week with moving averages for a specified period to produce indicators showing when an NAV has crossed, stayed above, or stayed below its moving average. On December 30, 1994, the 13-week and 39-week long-term moving averages were $ 15.42 and $ 15.07, for Equity-Income, $ 21.29 and $ 20.84 for Growth, $ 15.86 and $ 16.07 for Overseas, $ 14.09 and $ 14.09 for Asset Manager and $ 56.13 and $ 55.47 for Index 500 Portfolios, respectively.

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		Average Annual Total Returns			Cumulative Total Returns		
AS OF 12/31/94	Yields	One Year	Five Years	Life of Fund*	One Year	Five Years	Life of Fund*
Money Market Portfolio	7-day 5.62%	4.25%	5.09%	6.31%*	4.25%	28.16%	84.38%*
High Income Portfolio	30-day 10.28%	-1.64%	14.01%	10.88%	-1.64%	92.63%	161.12%

Equity-Income Portfolio	N.A.	7.07%	10.51%	10.94%	7.07%	64.83%	135.13%
Growth Portfolio	N.A.	-0.02%	10.88%	12.55%	-0.02%	67.57%	164.85%

</TABLE>

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<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Overseas Portfolio	N.A.	1.72%	5.79%	7.01%	1.72%	32.47%	71.16%
Investment Grade Bond Portfolio	30-day 6.96%	-3.76%	7.08%	7.60%	-3.76%	40.79%	56.04%
Asset Manager Portfolio	N.A.	-6.09%	10.71%	10.20%	-6.09%	66.35%	67.70%
Index 500 Portfolio	N.A.	1.04%	N.A.	7.26%	1.04%	N.A.	17.87%

</TABLE>

If FMR had not reimbursed certain fund expenses during certain of these periods, the total returns would have been lower.
* 10-year return for Money Market Portfolio; High Income Portfolio commenced operations September 19, 1985; Equity-Income and Growth Portfolios commenced operations October 9, 1986; Overseas Portfolio commenced operations January 28, 1987; Investment Grade Bond Portfolio commenced operations December 5, 1988; Asset Manager Portfolio commenced operations September 6, 1989; and Index 500 Portfolio commenced operations August 27, 1992.

The following charts show the income and capital elements of each fund's total return from the date it commenced operations through the year ended December 31, 1994. The charts compare the funds' returns to the record of the Standard & Poor's 500 Composite Stock Price Index (S&P), the Dow Jones Industrial Average (DJIA), the cost of living (measured by the Consumer Price Index, or CPI) over the same period, and (for Asset Manager Portfolio) a benchmark "Fidelity Composite Index" (created by FMR), over the same period. The Fidelity Composite Index is a hypothetical historical representation which simulates Asset Manager Portfolio's neutral mix (20% money market instruments, 40% bonds, and 40% stocks) by combining the following indices based on their weighting in the neutral mix: the Salomon Brothers 3-month T-Bill Total Rate of Return Index, representing the average of T-Bill rates for each of the prior three months, adjusted to a bond equivalent yield basis (money market); the Lehman Brothers Treasury Bond Index, a widely utilized benchmark of bond market performance which includes virtually all long-term public obligations of the U.S. Treasury (bonds); and the S&P 500 (a registered trademark of Standard & Poor's Corporation), which represents common stock prices (stocks).

The comparison to the S&P shows how the funds' total returns compared to the record of a broad average of common stock prices, and the comparison to the DJIA shows how the funds' total returns compared to the record of a narrower set of stocks of major industrial companies. Each fund has the ability to invest in securities not included in either index, and its investment portfolio may or may not be similar in composition to the indices. The S&P and DJIA comparisons for Money Market, Investment Grade Bond and High Income Portfolios are provided to show how each fund's return compared to the return of common stocks over the same period. Of course, since Money Market, Investment Grade Bond and High Income Portfolios invest in fixed-income securities, common stocks represent a different type of investment from the fund. The indices do not include fixed-income securities. In general, common stocks generally offer greater potential growth a bond fund, but generally are more volatile in value and may offer greater potential for loss. In addition, common stocks generally provide lower income than a mutual fund which focuses on fixed-income securities. The S&P, DJIA and The Fidelity Composite Index 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.

MONEY MARKET PORTFOLIO During the ten year period ended December 31, 1994, a hypothetical $10,000 investment in Money Market would have grown to $ 18,438 , assuming all distributions were reinvested. This was a period of fluctuating interest rates and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.

MONEY MARKET PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living

1994	$10,000	$8,438	$0	$18,438	$38,358	$44,527	$14,217
1993	$10,000	$7,687	$0	$17,687	$37,859	$42,418	$13,846
1992	$10,000	$7,133	$0	$17,133	$34,393	$36,257	$13,476
1991	$10,000	$6,490	$0	$16,490	$31,951	$33,791	$13,096
1990	$10,000	$5,543	$0	$15,543	$24,486	$27,176	$12,707
1989	$10,000	$4,387	$0	$14,387	$25,274	$27,323	$11,975
1988	$10,000	$3,185	$0	$13,185	$19,193	$20,737	$11,443
1987	$10,000	$2,278	$0	$12,278	$16,459	$17,889	$10,959
1986	$10,000	$1,535	$0	$11,535	$15,636	$16,967	$10,494
1985	$10,000	$811	$0	$10,811	$13,175	$13,356	$10,380

</TABLE>

Explanatory Notes: With an initial investment of $10,000 made on December 31, 1984, 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 $ 18,438 . 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 $ 6,135 . The fund did not distribute any capital gains during the period. Tax consequences of different investments have not been factored into the above figures.

HIGH INCOME PORTFOLIO During the period from September 19, 1985 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in High Income Portfolio would have grown to $ 26,112 , assuming all distributions were reinvested. This was a period of fluctuating interest rates and bond prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.

HIGH INCOME PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**
1994	$10,750	$14,286	$1,076	$26,112	$34,242	$40,111	$13,823
1993	$11,990	$14,223	$333	$26,546	$33,797	$38,211	$13,463
1992	$10,820	$11,057	$172	$22,049	$30,702	$32,661	$13,102
1991	$9,550	$8,200	$152	$17,902	$28,522	$30,440	$12,733
1990	$7,070	$6,071	$112	$13,253	$21,859	$24,481	$12,355
1989	$8,110	$5,317	$129	$13,556	$22,562	$24,613	$11,644
1988	$9,660	$4,332	$154	$14,146	$17,133	$18,680	$11,127
1987	$9,680	$2,837	$154	$12,671	$14,693	$16,114	$10,656
1986	$10,830	$1,689	$0	$12,519	$13,958	$15,284	$10,203
1985*	$10,310	$328	$0	$10,638	$11,761	$12,031	$10,092

</TABLE>

* From September 19, 1985 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on September 19, 1985, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $ 23,926 . If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $ 8,240 for dividends and $ 580 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.
EQUITY-INCOME PORTFOLIO During the period from October 9, 1986 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Equity-Income Portfolio would have grown to $ 23,513 , assuming all distributions were reinvested. This was a period of fluctuating interest rates, bond prices, and stock prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.
EQUITY-INCOME PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**
1994	$15,350	$6,059	$2,104	$23,513	$25,295	$27,809	$13,584
1993	$15,440	$5,529	$992	$21,961	$24,966	$26,491	$13,230
1992	$13,400	$4,304	$861	$18,565	$22,680	$22,644	$12,877
1991	$11,850	$3,272	$761	$15,883	$21,070	$21,104	$12,514
1990	$9,510	$1,963	$611	$12,084	$16,147	$16,972	$12,142
1989	$12,290	$1,682	$293	$14,265	$16,667	$17,064	$11,443
1988	$11,010	$979	$167	$12,156	$12,657	$12,951	$10,935
1987	$9,420	$344	$143	$9,907	$10,854	$11,172	$10,472
1986*	$10,020	$0	$0	$10,020	$10,311	$10,596	$10,027

</TABLE>

* From October 9, 1986 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on October 9, 1986, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $ 16,512 . If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $ 3,810 for dividends and $ 1,390 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures .
GROWTH PORTFOLIO. During the period from October 9, 1986 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Growth Portfolio would have grown to $ 26,485 , assuming all distributions were reinvested. This was a period of fluctuating stock prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.
GROWTH PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial	<C> Value of Reinvested	<C> Value of Reinvested	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**

	$10,000 Investment	Dividend Distributions	Capital Gain Distributions				
1994	$21,690	$1,590	$3,205	$26,485	$25,295	$27,809	$13,584
1993	$23,080	$1,546	$1,864	$26,490	$24,966	$26,491	$13,230
1992	$19,760	$1,202	$1,230	$22,192	$22,680	$22,644	$12,877
1991	$18,510	$1,075	$715	$20,300	$21,070	$21,104	$12,514
1990	$12,910	$541	$499	$13,950	$16,147	$16,972	$12,142
1989	$15,180	$400	$225	$15,805	$16,667	$17,064	$11,443
1988	$11,720	$124	$174	$12,018	$12,657	$12,951	$10,935
1987	$10,140	$108	$150	$10,398	$10,854	$11,172	$10,472
1986*	$10,030	$0	$0	$10,030	$10,311	$10,596	$10,027

</TABLE>

* From October 9, 1986 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on October 9, 1986, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $ 13,850 . If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $ 1,000 for dividends and $ 2,500 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.

OVERSEAS PORTFOLIO During the period from January 28, 1987 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Overseas Portfolio would have grown to $ 17,116 , assuming all distributions were reinvested. This was a period of fluctuating stock prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.

OVERSEAS PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> EAFE Index	<C> Cost of Living**
1994	$15,670	$1,375	$71	$17,116	$21,653	$23,089	$17,201	$13,462
1993	$15,480	$1,276	$70	$16,826	$21,371	$21,996	$15,959	$13,112
1992	$11,530	$720	$0	$12,250	$19,414	$18,801	$12,039	$12,761
1991	$13,090	$631	$0	$13,721	$18,036	$17,522	$13,708	$12,401
1990	$12,420	$285	$0	$12,705	$13,822	$14,092	$12,225	$12,032
1989	$12,670	$250	$0	$12,920	$14,267	$14,168	$15,970	$11,340
1988	$10,110	$121	$0	$10,231	$10,834	$10,753	$14,448	$10,836
1987*	$9,350	$112	$0	$9,462	$9,291	$9,276	$11,263	$10,378

</TABLE>

* From January 28, 1987 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on January 28, 1987, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $ 11,111 . If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $ 1,020 for dividends and $ 50 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.
INVESTMENT GRADE BOND PORTFOLIO During the period from December 5, 1988 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Investment Grade Bond Portfolio would have grown to $ 15,604 , assuming all distributions were reinvested. This was a period of fluctuating interest rates and bond prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.
INVESTMENT GRADE BOND PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**
1994	$11,020	$4,243	$341	$15,604	$20,469	$22,314	$12,444
1993	$11,480	$4,420	$313	$16,213	$20,203	$21,257	$12,120
1992	$10,970	$3,418	$223	$14,611	$18,353	$18,170	$11,796
1991	$11,080	$2,596	$24	$13,700	$17,050	$16,934	$11,463
1990	$9,920	$1,831	$21	$11,772	$13,067	$13,619	$11,122
1989	$10,140	$921	$22	$11,083	$13,487	$13,692	$10,482
1988*	$10,000	$52	$0	$10,052	$10,242	$10,392	$10,017

</TABLE>

* From December 5, 1988 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on December 5, 1988, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $ 14,424 . If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $ 3,474 for dividends and $ 270 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.
ASSET MANAGER PORTFOLIO During the period from September 6, 1989 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Asset Manager Portfolio would have grown to $ 16,770 , assuming all distributions were reinvested. This was a period of fluctuating interest rates and bond prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.
ASSET MANAGER PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distribution s	<C> Value of Reinvested Capital Gain Distribution s	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**	<C> Fidelity Composite Index***

1994	$13,790	$1,779	$1,201	$16,770	$15,372	$16,542	$12,014	$14,690
1993	$15,420	$1,642	$795	$17,857	$15,172	$15,758	$11,701	$14,679
1992	$13,320	$1,004	$406	$14,730	$13,783	$13,470	$11,388	$13,475
1991	$12,550	$610	$25	$13,185	$12,804	$12,554	$11,067	$12,615
1990	$10,240	$497	$21	$10,758	$9,813	$10,096	$10,738	$10,793
1989*	$9,970	$91	$20	$10,081	$10,128	$10,151	$10,120	$10,277

</TABLE>

* From September 6, 1989 (commencement of operations).
** From month-end closest to initial investment date.
*** From month-end following initial investment date. The money market, bond, and stock indices that compose the Fidelity Composite Index returned 4.24%, -3.38%, and 1.32 %, respectively, during the 1994 fiscal year. These indices are unmanaged, include reinvestment of income and/or dividends, and are not indicative of the fund's past or future performance.
Explanatory Notes: With an initial investment of $10,000 made on September 6, 1989, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $ 12,742 . If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $ 1,460 for dividends and $ 1,060 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.
INDEX 500 PORTFOLIO During the period from August 27, 1992 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Index 500 Portfolio would have grown to $ 11,787 , assuming all distributions were reinvested. This was a period of fluctuating stock prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.
INDEX 500 PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**
1994	$11,244	$363	$180	$11,787	$11,876	$12,618	$10,625
1993	$11,148	$360	$158	$11,666	$11,722	$12,021	$10,348
1992*	$10,520	$95	$16	$10,631	$10,648	$10,275	$10,071

</TABLE>

* From August 27, 1992 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on August 27, 1992, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $ 10,530 . If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $ 350 for dividends and $ 174 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.

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. In addition to the mutual fund rankings, a fund's performance may be compared to stock, bond, and money market mutual fund performance indices prepared by Lipper or other organizations. When comparing these indices, it is important to remember the risk and return characteristics of each type of investment. For example, while stock mutual funds may offer higher potential returns, they also carry the highest degree of share price volatility. Likewise, money market funds may offer greater stability of principal, but generally do not offer the higher potential returns from stock mutual funds.

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, a fund may quote Morningstar, Inc. in its advertising materials. Morningstar, Inc. of Chicago, Illinois, 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.

A fund may be compared in advertising to Certificates of Deposit (CDs) or other investments issued by banks or other depository institutions. Mutual funds differ from bank investments in several respects. For example, a fund may offer greater liquidity or higher potential returns than CDs, a fund does not guarantee your principal or your return, and fund shares are not FDIC insured.

Fidelity may provide information designed to help individuals understand their investment goals and explore various financial strategies. Such information may include information about current economic, market, and political conditions; materials that describe general principles of investing, such as asset allocation, diversification, risk tolerance, and goal setting; questionnaires designed to help create a personal financial profile; worksheets used to project savings needs based on assumed rates of inflation and hypothetical rates of return; and action plans offering investment alternatives. Materials may also include discussions of Fidelity's 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.

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 or other goals; charitable giving; and the Fidelity credit card. In addition, Fidelity may quote or reprint financial or business publications and periodicals, including model portfolios or allocations, as they relate to current economic and political conditions, fund management, portfolio composition, investment philosophy, investment techniques, the desirability of owning a particular mutual fund, and Fidelity services and products. 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(trademark) number, and CUSIP number, and discuss or quote its current portfolio manager.

VOLATILITY. A fund may quote various measures of volatility and benchmark correlation in advertising. In addition, the fund may compare these measures to those of other funds. Measures of volatility seek to compare the fund's historical share price fluctuations or total returns to those of a benchmark. Measures of benchmark correlation indicate how valid a comparative benchmark may be. All measures of volatility and correlation are calculated using averages of historical data. In advertising, a fund may also discuss or illustrate examples of interest rate sensitivity.

MOMENTUM INDICATORS indicate a fund's price movements over specific periods of time. Each point on the momentum indicator represents the fund's percentage change in price movements over that period.

The funds may advertise examples of the effects of periodic investment plans, including the principle of dollar cost averaging. In such a program, a policyowner invests a fixed dollar amount in an insurance company's sub-account at periodic intervals which in turn invests in a fund, thereby purchasing fewer units when prices are high and more units when prices are low. While such a strategy does not assure a profit nor guard against loss in a declining market, the policyowner's average cost per unit can be lower than if fixed numbers of units had been purchased at those intervals. In evaluating such a plan, policyowners should consider their ability to continue purchasing units through periods of low price levels.

As of December 31, 1994, FMR advised over $25 billion in tax-free fund assets, $55 billion in taxable money market fund assets, $165 billion in equity fund assets, $35 billion in international fund assets, and $20 billion in Spartan fund assets. The funds may reference the growth and variety of money market mutual funds and the adviser's innovation and participation in the industry. The equity funds under management figure represents the largest amount of equity fund assets under management by a mutual fund investment adviser in the United States, making FMR America's leading equity (stock) fund manager. FMR, its subsidiaries, and affiliates maintain a worldwide information and communications network for the purpose of researching and managing investments abroad.

Each fund is available only through the purchase of variable annuity and variable life insurance contracts offering deferral of income taxes on earnings, 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. Individuals holding shares of a fund through a variable annuity or variable life insurance contract may receive additional tax benefits from the deferral of income taxes associated with variable contracts. Individuals should consult their tax advisors to determine the effect of holding variable contracts on their individual tax situations.

YIELDS AND TOTAL RETURNS QUOTED FOR A FUND INCLUDE THE EFFECT OF DEDUCTING THE FUND'S EXPENSES, BUT MAY NOT INCLUDE CHARGES AND EXPENSES ATTRIBUTABLE TO ANY PARTICULAR INSURANCE PRODUCT. SINCE YOU CAN ONLY PURCHASE SHARES OF EACH FUND THROUGH A VARIABLE ANNUITY AND/OR A VARIABLE LIFE INSURANCE CONTRACT, YOU SHOULD CAREFULLY REVIEW THE PROSPECTUS OF THE INSURANCE PRODUCT YOU HAVE CHOSEN FOR INFORMATION ON RELEVANT CHARGES AND EXPENSES. Excluding these charges from quotations of a fund's performance has the effect of increasing the performance quoted.

ADDITIONAL PURCHASE AND REDEMPTION INFORMATION

Each fund is open for business and its net asset value per share (NAV) is calculated each day the NYSE is open for trading. The NYSE has designated the following holiday closings for 1995: New Year's Day (observed), President's Day (observed), Good Friday, Memorial Day (observed), Independence Day (observed), Labor Day, Thanksgiving Day, and Christmas Day. 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, the fund's NAV may be affected on days when investors do not have access to the fund to purchase or redeem shares. In addition, trading in some of the fund's portfolio securities may not occur on days when a fund is open for business.

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 the 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.

TAXES

For a discussion of tax consequences of variable contracts, please refer to your insurance company's separate account prospectus.

Variable contracts purchased through insurance company separate accounts provide for the accumulation of all earnings from interest, dividends, and capital appreciation without current federal income tax liability to the owner. Depending on the variable contract, distributions from the contract may be subject to ordinary income tax and a 10% penalty tax on distributions before age 59 1/2. Only the portion of a distribution attributable to income is subject to federal income tax. Investors should consult with competent tax advisors for a more complete discussion of possible tax consequences in a particular situation.

Section 817(h) of the Internal Revenue Code provides that the investments of a separate account underlying a variable insurance contract (or the investments of a mutual fund, the shares of which are owned by the variable separate account) must be "adequately diversified" in order for the contract to be treated as an annuity or life insurance for tax purposes. The Treasury Department has issued regulations prescribing these diversification requirements. Each fund intends to comply with these requirements.

Each fund intends 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, each fund intends to distribute substantially all its net taxable income and net realized capital gains within each calendar year as well as on a fiscal year basis. Each fund also intends to comply with other tax rules applicable to regulated investment companies including a requirement that gross capital gains from selling securities held less than three months must constitute less than 30% of a fund's gross income for each fiscal year. Income and capital gain distributions are reinvested in additional shares of the fund. This is done to preserve the tax advantaged status of the variable contracts. Each fund is treated as a separate entity form the other funds of the trust it is associated with for tax purposes. Money Market Portfolio may distribute any net realized short-term gains once each year, or more frequently if necessary, in order to maintain the fund's NAV at $1.00 per share and to comply with tax regulations.

MONEY MARKET PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $94,600 of which $4,100, $500, $4,900, $4,300 and $80,800 will expire on December 31, 1995, 1996, 1997, 2000 and 2002, respectively.

HIGH INCOME PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $1,407,000, all of which will expire on December 31, 2002.

GROWTH PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $68,037,000, all of which will expire on December 31, 2002.

INVESTMENT GRADE BOND PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $2,468,000, all of which will expire on December 31, 2002.

ASSET MANAGER PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $10,388,000, all of which will expire on December 31, 2002.

EQUITY-INCOME, OVERSEAS AND INDEX 500 PORTFOLIOS - As of December 31, 1994, each fund had no capital loss carryforward.

FMR

All of the stock of FMR is owned by FMR Corp., its parent company organized in 1972. Through ownership of voting common stock and the execution of a shareholders' voting agreement, Edward C. Johnson 3d, Johnson family members, and various trusts for the benefit of the Johnson family form a controlling group with respect to FMR Corp.

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; FIIOC, which performs shareholder servicing functions for institutional customers and funds sold through intermediaries; and Fidelity Investments Retail Marketing Company, which provides marketing services to various companies within the Fidelity organization.

Fidelity investment personnel may invest in securities for their own account pursuant to a code of ethics that sets forth all employees' fiduciary responsibilities regarding the funds, establishes procedures for personal investing and restricts certain transactions. For example, all personal trades in most securities require pre-clearance, and participation in initial public offerings is prohibited. In addition, restrictions on the timing of personal investing in relation to trades by Fidelity funds and on short-term trading have been adopted.

TRUSTEES AND OFFICERS

The Trustees and executive officers of each trust 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. 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 the trust or FMR are indicated by an asterisk (*).

*EDWARD C. JOHNSON 3d (64), 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 (53), 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 (62), 200 Rivercrest Drive, Fort Worth, TX, Trustee (1991), is a consultant to Western Mining Corporation (1994). Prior to February 1994, he was President of Greenhill Petroleum Corporation (petroleum exploration and production, 1990). Until March 1990, Mr. Cox was President and Chief Operating Officer of Union Pacific Resources Company (exploration and production). He is a Director of Sanifill Corporation (non-hazardous waste, 1993) 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 (63), P.O. Box 264, Bridgehampton, NY, Trustee (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 is a member of the President's Advisory Council of The University of Vermont School of Business Administration.

RICHARD J. FLYNN (71) , 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 Trustee of College of the Holy Cross and Old Sturbridge Village, Inc.

E. BRADLEY JONES (67), 3881-2 Lander Road, Chagrin Falls, 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, 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, a Trustee and member of the Executive Committee of the Cleveland Clinic Foundation, a Trustee and member of the Executive Committee of University School (Cleveland), and a Trustee of Cleveland Clinic Florida.

DONALD J. KIRK (62) , One Harborside, 680 Steamboat Road, Greenwich, CT, Trustee, is Executive-in-Residence (1995) at Columbia University Graduate School of Business and a financial consultant. From 1987 to January 1995, Mr. Kirk was a Professor at Columbia University Graduate School of Business. Prior to 1987, he was Chairman of the Financial Accounting Standards Board. Mr. Kirk is a Director of General Re Corporation (reinsurance) and Valuation Research Corp. (appraisals and valuations, 1993). In addition, he serves as Vice Chairman of the Board of Directors of the National Arts Stabilization Fund, Vice Chairman of the Board of Trustees of the Greenwich Hospital Association, and as a Member of the Public Oversight Board of the American Institute of Certified Public Accountants' SEC Practice Section (1995).

*PETER S. LYNCH (52) , 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). 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 (65), 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), Commercial Intertech Corp. (water treatment equipment, 1992), and Associated Estates Realty Corporation (a real estate investment trust, 1993).

EDWARD H. MALONE (70) , 5601 Turtle Bay Drive #2104, Naples, FL, Trustee. 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). In addition, he serves as a Trustee of Corporate Property Investors, the EPS Foundation at Trinity College, the Naples Philharmonic Center for the Arts, and Rensselaer Polytechnic Institute, and he is a member of the Advisory Boards of Butler Capital Corporation Funds and Warburg, Pincus Partnership Funds.

MARVIN L. MANN (61) , 55 Railroad Avenue, Greenwich, CT, Trustee (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 (66) , 21st Floor, 191 Peachtree Street, N.E., Atlanta, GA, Trustee, 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), 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).

WILLIAM J. HAYES (60) , Vice President (1994), is Vice President of Fidelity's equity funds; Senior Vice President of FMR; and Managing Director of FMR Corp.

ROBERT H. MORRISON (54), Manager of Security Transactions of Fidelity's equity funds is Vice President of FMR.

ROBERT A. LAWRENCE (42) , Vice President (1994), is Vice President of Fidelity's high income funds and Senior Vice President of FMR (1993). Prior to joining FMR, Mr. Lawrence was Managing Director of the High Yield Department for Citicorp (1984-1991).

FRED L. HENNING, JR. (55), Vice President (1994), is Vice President of Fidelity's money market funds and Senior Vice President of FMR Texas Inc.

ROBERT LITTERST (37) , Vice President of Money Market Portfolio (1992). is an employee of FMR.

BARRY COFFMAN (35), Vice President of High Income Portfolio (1992), is an employee of FMR.

WILLIAM DANOFF (34) , Vice President of Contrafund Portfolio (1995), is an employee of FMR.

LAWRENCE GREENBERG (31) , Vice President of Growth Portfolio (1994), is an employee of FMR.

JOHN R. HICKLING (35) , Vice President of Overseas Portfolio (1993), is an employee of FMR.

DONALD TAYLOR (40) , Vice President of Investment Grade Bond Portfolio (1992), is an employee of FMR.

ANDREW OFFIT (34), Vice President of Asset Manager Portfolio and Asset Manager: Growth Portfolio (1995), is an employee of FMR.

ARTHUR S. LORING (47) , Secretary, is Senior Vice President (1993) and General Counsel of FMR, Vice President-Legal of FMR Corp., and Vice President and Clerk of FDC.

STEPHEN P. JONAS (42), Treasurer (1995), is Treasurer and Vice President of FMR (1993). Mr. Jonas is also Treasurer of FMR Texas Inc. (1994), Fidelity Management & Research (U.K.) Inc. (1994), and Fidelity Management & Research (Far East) Inc. (1994). Prior to becoming Treasurer of FMR, Mr. Jonas was Senior Vice President, Finance - Fidelity Brokerage Services, Inc. (1991-1992) and Senior Vice President, Strategic Business Systems - Fidelity Investments Retail Marketing Company (1989-1991).

THOMAS D. MAHER (49), 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). Prior to 1990, Mr. Maher was an employee of FMR and Assistant Secretary of all the Fidelity funds (1985-1989).

MICHAEL D. CONWAY (40) , Assistant Treasurer (1995), is Assistant Treasurer of Fidelity's money market funds and is an employee of FMR (1995). Before joining FMR, Mr. Conway was an employee of Waddell & Reed Inc. (investment advisor, 1986-1994), where he served as Assistant Treasurer (1992) and as Assistant Vice President and Director of Operations of Waddell & Reed Asset Management Company (1994).

JOHN H. COSTELLO (48) , Assistant Treasurer, is an employee of FMR.

LEONARD M. RUSH (49) , Assistant Treasurer (1994), is an employee of FMR (1994). Prior to becoming Assistant Treasurer of the Fidelity Funds, Mr. Rush was Chief Compliance of Officer of FMR Corp. (1993-1994); Chief Financial Officer of Fidelity Brokerage Services, Inc. (1990-1993); and Vice President, Assistant Controller, and Director of the Accounting Department - First Boston Corp. (1986-1990).

The following table sets forth information describing the compensation of each current Trustee of each fund for his or her services as trustee for the fiscal year ended December 31, 1994.

COMPENSATION TABLE

Aggregate Compensation

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	J. Gary Burkhead+	Ralph F. Cox	Phyllis Burke Davis	Richard J. Flynn	Edward C. Johnson 3d+	E. Bradley Jones	Donald J. Kirk	Peter S. Lynch+	Gerald C. McDonough	Edward H. Malone	Marvin L. Mann	Thomas R. Williams
Money Market	$0	$281	$272	$347	$0	$277	$275	$0	$278	$286	$279	$282
High Income	$0	$240	$235	$297	$0	$237	$238	$0	$240	$246	$240	$243
Equity-Income	$0	$813	$788	$1,008	$0	$803	$799	$0	$809	$831	$811	$821
Growth	$0	$800	$777	$990	$0	$789	$788	$0	$798	$818	$798	$809

Overseas	$0	$519	$503	$643	$0	$513	$510	$0	$516	$530	$518	$524
Investment Grade Bond	$0	$57	$55	$70	$0	$56	$56	$0	$57	$58	$57	$57
Asset Manager	$0	$1,457	$1,416	$1,801	$0	$1,438	$1,436	$0	$1,454	$1,491	$1,454	$1,472
Index 500	$0	$17	$16	$21	$0	$17	$16	$0	$17	$17	$17	$17
Contrafund**	$0	$35	$35	$45	$0	$35	$35	$0	$35	$35	$35	$35
Asset Manager: Growth**	$0	$10	$10	$15	$0	$10	$10	$0	$10	$10	$10	$10

</TABLE>

Trustees	Pension or Retirement Benefits Accrued As Part of Fund Expenses from the Fund Complex*	Estimated Annual Benefits Upon Retirement from the Fund Complex*	Total Compensation from the Fund Complex*
J. Gary Burkhead+	$ 0	$ 0	$ 0
Ralph F. Cox	5,200	52,000	125,000
Phyllis Burke Davis	5,200	52,000	122,000
Richard J. Flynn	0	52,000	154,500
Edward C. Johnson 3d+	0	0	0
E. Bradley Jones	5,200	49,400	123,500
Donald J. Kirk	5,200	52,000	125,000
Peter S. Lynch+	0	0	0
Gerald C. McDonough	5,200	52,000	125,000
Edward H. Malone	5,200	44,200	128,000
Marvin L. Mann	5,200	52,000	125,000
Thomas R. Williams	5,200	52,000	126,500

* Information is as of December 31, 1994, for all the 206 funds in the complex.
** Estimated, the fund did not commence operations until January 3, 1995.
+ Interested trustees are compensated by FMR.

Under a retirement program adopted in July 1988, Trustees, upon reaching age 72, become eligible to participate in a retirement program under which they receive payments during their lifetime from a fund based on their basic trustee fees and length of service. The obligation of a fund to make such payments are not secured or funded. Trustees become eligible if, at the time of retirement, they have served on the Board for at least five years. Currently, Messrs. Ralph S. Saul, William R. Spaulding, Bertram H. Witham, and David L. Yunich, all former non-interested Trustees, receive retirement benefits under the program

On December 31, the Trustees and officers of each fund owned, in the aggregate, less than 1% of each fund's total outstanding shares.

As of December 31, 1994, significant shares of the funds were held by the following companies with the figures beneath each fund representing that company's holdings as a percentage of each fund's total outstanding shares.

<TABLE>
<CAPTION>

<S>	<C> Money Market	<C> High Income	<C> Equity-Income	<C> Growth	<C> Overseas	<C> Investment Grade	<C> Asset Manager	<C> Index 500
American United Life Insurance Company (Indianapolis, IN)	--	--	--	--	--	--	--	14%
Ameritas Variable Life Insurance Company (Lincoln, NE)	10%	--	--	--	--	14%	--	--
Empire Fidelity Investments Life Insurance	--	--	--	--	--	--	--	5%

Company (New York, NY)								
Fidelity Investments Life Insurance Company (Boston, MA)	46%	17%	28%	19%	19%	43%	28%	48%
Integrity Life Insurance Company (Louisville, KY)	--	--	--	--	--	6%	--	--
The Life Insurance Company of Virginia (Richmond, VA)	9%	--	5%	5%	6%	--	13%	--
Northwestern National Life Insurance Company (Minneapolis, MN)	--	--	--	--	--	11%	--	7%
PFL Life Insurance Company (Cedar Rapids, IA)	19%	7%	7%	--	--	11%	--	--
Provident Mutual Life Insurance Company (Philadelphia, PA)	--	--	--	--	--	--	--	5%
Nationwide Life Insurance Company (Columbus, OH)	--	42%	29%	30%	39%	--	24%	--
The New England Life Insurance Company (Boston, MA)	--	--	--	--	8%	--	--	--
State Mutual Life Assurance Company (Worcester, MA)	--	8%	9%	8%	7%	--	--	--
The Travelers Insurance Company (Hartford, CT)	--	6%	--	10%	--	--	10%	--

</TABLE>

MANAGEMENT CONTRACTS

The funds employ 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 funds' investments, compensates all officers of the funds and all Trustees who are "interested persons" of the trusts or of FMR, and all personnel of the funds or FMR performing services relating 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 the funds' organization; supervising relations with custodians, transfer and pricing agents, accountants, underwriters, and other persons dealing with each fund; preparing all general shareholder communications and conducting shareholder relations; maintaining the funds' records and the registration of the funds' shares under federal and state laws; developing management and shareholder services for the funds; and furnishing reports, evaluations, and analyses on a variety of subjects to the Trustees.

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

FMR is each fund's manager pursuant to management contracts dated as follows:

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	Money Market	High Income	Equity-Income	Growth	Overseas	Investment Grade Bond	Asset Manager	Index 500	Contrafund	Asset Manager: Growth
Contract Dated	January 1, 1994	January 1, 1994	January 1, 1993	January 1, 1993	January 1, 1993	January 1, 1993	January 1, 1993	January 1, 1993	November 1, 1994	November 1, 1994
Date Approved by Shareholders	December 15, 1993	December 15, 1993	December 16, 1992	December 16, 1992	December 16, 1992	December 16, 1992	December 16, 1992	December 16, 1992	November 9, 1994	November 9, 1994

</TABLE>

The management fee paid to FMR by Index 500 Portfolio is reduced by an amount equal to the fees and expenses of the non-interested Trustees.
MONEY MARKET PORTFOLIO: For the services of FMR under the contract, the fund pays FMR a monthly management fee composed of a group fee rate and an individual fund fee rate (.03%), and an income-based component of 6% of the fund's gross income in excess of a 5% yield. The maximum income-based component is .24% of 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. The schedule below on the right shows the effective annual group fee rate at various asset levels, which is the result of cumulatively applying the annualized rates on the left. For example, the effective annual fee rate at $272 billion of group net assets - - their approximate level for December 1994 - was . 1563 %, which is the weighted average of the respective fee rates for each level of group net assets up to $ 272 billion.
GROUP FEE RATE SCHEDULE EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Rate	Group Net Assets	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	400	.1507
174	-	228	.1400		
228	-	282	.1375		
282	-	336	.1350		

Over 336 .1325

On August 1, 1994, FMR voluntarily revised the group fee rate schedule by adding new breakpoints. The revised group fee rate schedule provides for lower management fee rates as FMR's assets under management increase. The revised group fee rate schedule is identical to the above schedule for average group assets under $156 billion. For average group assets in excess of $156 billion, the group fee rate schedule voluntarily adopted by FMR is as follows:

GROUP FEE RATE SCHEDULE EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Fee Rate	Group Net Assets	Effective Annual Fee Rate
$ 120	-	156 billion	.1450%	$150 billion	.1736%
156	-	192	.1400	175	.1690
192	-	228	.1350	200	.1652
228	-	264	.1300	225	.1618
264	-	300	.1275	250	.1587
300	-	336	.1250	275	.1560
336	-	372	.1225	300	.1536
Over 372			.1200	325	.1514
				350	.1494
				375	.1476
				400	.1459

The individual fund fee rate is .03%.

One twelfth of the sum of the group fee rate and the individual fund fee rate is applied to the fund's average net assets for the current month, giving a dollar amount which is the fee for that month.

If the fund's monthly gross yield is 5% or less, the total management fee is the sum of the group fee and the individual fund fee. If the fund's monthly gross yield is greater than 5%, the management fee that FMR receives includes an income-based component. The income-based component 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.

For the fiscal years ended December 31, 1994, 1993, and 1992, FMR received $ 1,178,543 , $415,213, and $487,024, respectively for its services as investment adviser. These fees were equivalent to .20 %, .14%, and .17%, respectively, of the fund's average net assets for each of those years.

Prior to January 1, 1994, for the services of FMR under the contract, the fund paid 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%

HIGH INCOME AND INVESTMENT GRADE BOND PORTFOLIOS. For the services of FMR under the contracts, each 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 left. The schedule below on the right shows the effective annual group fee rate at various asset levels, which is the result of cumulatively applying the annualized rates on the left. For example, the effective annual fee rate at $272 billion of group net assets - - the approximate level for December 1994 was .1563%, which is the weighted average of the respective fee rates for each level of group net assets up to $272 billion.
GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Rate	Group Net Assets	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	400	.1507
174	-	228	.1400		
228	-	282	.1375		
282	-	336	.1350		
Over 336			.1325		

Under Investment Grade Bond's current management contract with FMR, the group fee rate is based on a schedule with breakpoints ending at .1400% for average group assets in excess of $174 billion. Prior to January 1, 1993, the group fee rate breakpoints shown above for average group assets in excess of $120 billion and under $228 billion were voluntarily adopted by FMR, and went into effect on January 1, 1992. The additional breakpoints shown above for average group assets in excess of $228 billion were voluntarily adopted by FMR on November 1, 1993.
On August 1, 1994, FMR voluntarily revised the prior extensions to the group fee rate schedule, and added new breakpoints for each fund. The revised group fee rate schedule provides for lower management fee rates as FMR's assets under management increase. The revised group fee rate schedule is identical to the above schedule for average group assets under $156 billion. For average group assets in excess of $156 billion, the group fee rate schedule voluntarily adopted by FMR is as follows:
GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets	Annualized Fee Rate	Group Net Assets	Effective Annual Fee Rate

$ 120	-	156 billion	.1450%	$150 billion	.1736%
156	-	192	.1400	175	.1690
192	-	228	.1350	200	.1652
228	-	264	.1300	225	.1618
264	-	300	.1275	250	.1587
300	-	336	.1250	275	.1560
336	-	372	.1225	300	.1536
Over 372			.1200	325	.1514
				350	.1494
				375	.1476
				400	.1459

The individual fund fee rate for Investment Grade Bond Portfolio is .30% and the individual fund fee rate for High Income Portfolio is .45%. Based on the average group net assets of the funds advised by FMR for December 1994, the annual management fee rate for each fund would be calculated as follows:

INVESTMENT GRADE BOND PORTFOLIO

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.1563%	+	.30%	=	.4563%

HIGH INCOME PORTFOLIO

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.1563%	+	.45%	=	.6063%

One-twelfth of this annual management fee rate is applied to each fund's net assets averaged for the most recent month, giving a dollar amount, which is the fee for that month.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $ 520,469 , $460,983 and $272,562, respectively, for its services as investment adviser to INVESTMENT GRADE BOND PORTFOLIO. These fees were equivalent to . 46 %, .47%, and .47%, respectively, of the average net assets of the fund for each of those years.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $ 2,999,205 , $1,764,257 and $784,904, respectively, for its services as investment adviser to HIGH INCOME PORTFOLIO. These fees were equivalent to . 61 %, .51%, and .52%, respectively, of the average net assets of the fund for those years. On December 15, 1993, shareholders voted to increase the fund's individual fund fee rate from 0.35% to 0.45%.

EQUITY-INCOME, GROWTH, OVERSEAS, ASSET MANAGER, CONTRAFUND AND ASSET MANAGER: GROWTH PORTFOLIOS. For the services of FMR under the contract, each 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 left. The schedule below on the right shows the effective annual group fee rate at various asset levels, which is the result of cumulatively applying the annualized rates on the left. For example, the effective annual fee rate at $272 billion of group net assets - - the approximate level for December 1994 - was .3193%, which is the weighted average of the respective fee rates for each level of group net assets up to $272 billion.

GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Rate	Group Net Assets	Effective Annual Fee Rate
$ 0	-	3 billion	.5200%	$ 0.5 billion	.5200%
3	-	6	.4900	25	.4238
6	-	9	.4600	50	.3823
9	-	12	.4300	75	.3626
12	-	15	.4000	100	.3512
15	-	18	.3850	125	.3430

18	-	21	.3700	150	.3371
21	-	24	.3600	175	.3325
24	-	30	.3500	200	.3284
30	-	36	.3450	225	.3253
36	-	42	.3400	250	.3223
42	-	48	.3350	275	.3198
48	-	66	.3250	300	.3175
66	-	84	.3200	325	.3153
84	-	102	.3150	350	.3133
102	-	138	.3100		
138	-	174	.3050		
174	-	228	.3000		
228	-	282	.2950		
282	-	336	.2900		
Over 336			.2850		

Under Equity-Income, Growth, Overseas and Asset Manager Portfolios' current management contract with FMR, the group fee rate is based on a schedule with breakpoints ending at .3000% for average group assets in excess of $174 billion. Prior to January 1, 1993, the group fee rate breakpoints shown above for average group assets in excess of $138 billion and under $228 billion were voluntarily adopted by FMR, and went into effect on January 1, 1992. The additional breakpoints shown above for average group assets in excess of $228 billion were voluntarily adopted by FMR on November 1, 1993.

On August 1, 1994, FMR voluntarily revised the prior extensions to the group fee rate schedule, and added new breakpoints (Asset Manager: Growth and Contrafund Portfolios' management contracts are each dated November 1, 1994 and therefore, include the following additional breakpoint schedules in their fee schedules). The revised group fee rate schedule provides for lower management fee rates as FMR's assets under management increase. The revised group fee rate schedule is identical to the above schedule for average group assets under $210 billion. For average group assets in excess of $210 billion, the group fee rate schedule voluntarily adopted by FMR is as follows:

GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Rate	Group Net Assets	Effective Annual Fee Rate
$ 138	-	174 billion	.3050%	$150 billion	.3371%
174	-	210	.3000	175	.3325
210	-	246	.2950	200	.3284
246	-	282	.2900	225	.3249
282	-	318	.2850	250	.3219
318	-	354	.2800	275	.3190
354	-	390	.2750	300	.3163
Over 390			.2700	325	.3137
				350	.3113
				375	.3090
				400	.3067

The individual fund fee rate for the funds are as follows: .20% for Equity-Income Portfolio; .30% for Growth and Contrafund Portfolios; .40% for Asset Manager and Asset Manager: Growth Portfolios; and .45% for Overseas Portfolio. Based on the average group net assets of the funds advised by FMR for December 1994, the annual management fee rate for each fund would be calculated as follows:

EQUITY-INCOME PORTFOLIO

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.3193%	+	.20%	=	.5193%

GROWTH AND CONTRAFUND PORTFOLIOS

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.3193%	+	.30%	=	.6193%

ASSET MANAGER AND ASSET MANAGER: GROWTH PORTFOLIOS

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.3193%	+	.40%	=	.7193%

OVERSEAS PORTFOLIO

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.3193%	+	.45%	=	.7693%

One-twelfth of the annual management fee rate is applied to each fund's net assets averaged for the most recent month, giving a dollar amount, which is the fee for that month.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $ 9,165,293 , $5,004,191 and $2,179,187, respectively, for its services as investment adviser to EQUITY-INCOME PORTFOLIO. These fees were equivalent to .52 %, .53%, and .53%, respectively, of the average net assets of the fund for each of those years.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $ 10,585,482 , $6,358,701 and $3,305,050, respectively, for its services as investment adviser to GROWTH PORTFOLIO. These fees were equivalent to . 62 %, .63%, and .63%, respectively, of the average net assets of the fund for each of those years.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $ 8,646,616, $3,078,432 and $1,231,227, respectively, for its services as investment adviser to OVERSEAS PORTFOLIO. These fees were equivalent to .77 %, .77%, and .78%, respectively, of the average net assets of the fund for each of those years.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $ 22,080,801 , $10,365,454 and $3,065,065, respectively, for its services as investment adviser to ASSET MANAGER PORTFOLIO. These fees were equivalent to .72 %, .72%, and .73%, respectively, of the average net assets of the fund for each of those years.

INDEX 500 PORTFOLIO. FMR is the fund's manager pursuant to a management contract dated January 1, 1993, which was approved by shareholders on December 16, 1992. For the services of FMR under the contract, Index 500 pays FMR a monthly management fee at the annual rate of .28% of the average net assets of the fund throughout the month. For the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $ 103,136 , $58,243, and $11,715, respectively, before any reimbursement of expenses by FMR.

FMR may, from time to time, voluntarily reimburse all or a portion of a fund's operating expenses (exclusive of interest, taxes, brokerage commissions, and extraordinary expenses). FMR retains the ability to be repaid for these expense reimbursements in the amount that expenses fall below the limit prior to the end of the fiscal year. Expense reimbursements by FMR will increase the fund's total returns and yield and repayment of the reimbursement by the fund will lower its total returns and yield.

FMR has voluntarily agreed, subject to revision or termination, to reimburse the funds if and to the extent that its aggregate operating expenses, including management fees, were in excess of a specified annual rate for the funds. The following provides the expense and the date the cap was imposed: September 19, 1985 (1.00%) for High Income Portfolio; October 9, 1986 (1.50%) for Equity-Income and Growth Portfolios; January 28, 1987 (1.50%) for Overseas Portfolio; December 5, 1988 (.80%) for Investment Grade Bond Portfolio; January 1, 1990 (1.25%) for Asset Manager Portfolio; August 27, 1992 (.28%) for Index 500 Portfolio; and January 3, 1995 (1.00%) for Asset Manager: Growth and Contrafund Portfolios. Under this arrangement, FMR reimbursed Index 500 $195,500, $138,597 and $63,623, respectively for fiscal years ended December 31, 1994, 1993 and 1992.

SUB-ADVISERS. On behalf of High Income and Asset Manager, Contrafund and Asset Manager: Growth Portfolios, FMR, has entered into sub-advisory agreements with FMR U.K. and FMR Far East. On behalf of Overseas Portfolio, FMR has entered into sub-advisory agreements with FMR U.K., FMR Far East, and FIIA. FIIA, in turn, has entered into a sub-advisory agreement with FIIAL U.K. Pursuant to the sub-advisory agreements, FMR may receive investment advice and research services outside the United States from the sub-advisers. On behalf of High Income, Contrafund, Asset Manager: Growth and Overseas Portfolios, FMR may also grant the sub-advisers investment management authority as well as the authority to buy and sell securities if FMR believes it would be beneficial to a fund.

Currently, FMR U.K. and FMR Far East each focus on issuers in countries other than the United States such as those in Europe, Asia, and the Pacific Basin.

Currently, FMR U.K., FMR Far East, FIIA, and FIIAL U.K. each focus on issuers in countries other than the United States such as those in Europe, Asia, and the Pacific Basin.

FMR U.K. and FMR Far East, which were organized in 1986, are wholly owned subsidiaries of FMR. FIIA is a wholly owned subsidiary of Fidelity International Limited (FIL), a Bermuda company formed in 1968 which primarily provides investment advisory services to non-U.S. investment companies and institutional investors investing in securities throughout the world. Edward C. Johnson 3d, Johnson family members, and various trusts for the benefit of the Johnson family owns, directly or indirectly, more than 25% of the voting common stock of FIL. FIIA was organized in Bermuda in 1983. FIIAL U.K. was organized in the United Kingdom in 1984, and is a wholly owned subsidiary of Fidelity International Management Holdings Limited, an indirect wholly owned subsidiary of FIL.

Under the sub-advisory agreements FMR pays the fees of FMR U.K., FMR Far East, and FIIA. FIIA, in turn, pays the fees of FIIAL U.K. For providing non-discretionary investment advice and research services the sub-advisers are compensated as follows:

(small solid bullet) FMR pays FMR U.K. and FMR Far East fees equal to 110% and 105%, respectively, of FMR U.K.'s and FMR Far East's costs incurred in connection with providing investment advice and research services.

(small solid bullet) FMR pays FIIA a fee equal to 30% of FMR's monthly management fee with respect to the average net assets held by the fund for which FIIA has provided FMR with investment advice and research services.

(small solid bullet) FIIA pays FIIAL U.K. a fee equal to 110% of FIIAL U.K.'s costs incurred in connection with providing investment advice and research services.

For providing discretionary investment management and executing portfolio transactions, the sub-advisers are compensated as follows:

(small solid bullet) FMR pays FMR U.K., FMR Far East, and FIIA a fee equal to 50% of its monthly management fee with respect to the fund's average net assets managed by the sub-adviser on a discretionary basis.

(small solid bullet) FIIA pays FIIAL U.K. a fee equal to 110% of FIIAL U.K.'s costs incurred in connection with providing discretionary investment management services.

For providing investment advice and research services, the fees paid to the sub-advisers for fiscal 1994, 1993, and 1992 were as follows:

Asset Manager Portfolio

Fiscal Year	FMR U.K.	FMR Far East
1994	$147,227	$190,254
1993	$139,893	$227,112
1992	$40,978	$52,009

Overseas Portfolio

Fiscal Year	FMR U.K.	FMR Far East	FIIA	FIIAL U.K.
1994	$387,086	$425,049	- -	- -
1993	$94,517	$138,059	- -	- -
1992	$41,512	$34,267	- -	- -

For providing discretionary investment management and executing portfolio transactions, FMR, on behalf of Overseas Portfolio paid FMR U.K. fees totaling $376,357 for fiscal 1992. For providing discretionary investment management and executing portfolio transactions, no fees were paid by FMR on behalf of Overseas Portfolio to the sub-advisors during fiscal years ended 1993 and 1994.

FMR entered into the sub-advisory agreements described above as follows: April 1, 1992 for Overseas; January 1, 1994 for High Income; and November 1, 1994 for Contrafund and Asset Manager: Growth Portfolios. The agreements were approved by shareholders as follows: March 25, 1992 for Overseas, December 15, 1993 for High Income; and November 9, 1994 for Contrafund and Asset Manager: Growth.

On behalf of MONEY MARKET PORTFOLIO, FMR has entered into a sub-advisory agreement with FMR Texas pursuant to which FMR Texas has primary responsibility for providing portfolio investment management services to the fund.

Under the sub-advisory agreement, FMR pays FMR Texas fees equal to 50% of the management fee payable to FMR under its management contract with the fund. The fee paid to FMR Texas are not reduced by any voluntary or mandatory expense reimbursements that may be in effect from time to time. For the fiscal years ended December 31, 1994, 1993 and 1992, FMR paid FMR Texas management fees of $ 589,272 , $207,606, and $243,512, respectively.

DISTRIBUTION AND SERVICE PLANS

The Trustees have approved Distribution and Service Plans on behalf of the funds (the Plans) pursuant to 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 a fund except pursuant to a plan approved on behalf of the fund under the Rule. The

Plans, as approved by the Trustees, allow the funds and FMR to incur certain expenses that might be considered to constitute indirect payment by the funds of distribution expenses.

Under each Plan, if the payment of management fees by the funds to FMR is deemed to be indirect financing by the funds of the distribution of their shares, such payment is authorized by the Plans. Each Plan also specifically recognizes that FMR, either directly or through FDC, may use its management fee revenue, past profits, or other resources, without limitation, to pay promotional and administrative expenses in connection with the offer and sale of shares of each fund. In addition, each Plan provides that FMR may use its resources, including its management fee revenues, to make payments to third parties that assist in selling shares of each fund, or to third parties, including banks, that render shareholder support services. The Trustees have not authorized such payments to date.

Prior to approving each Plan, the Trustees carefully considered all pertinent factors relating to the implementation of each Plan, 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 each Plan does not authorize payments by each fund other than those made to FMR under its management contract with the fund. To the extent that each Plan gives FMR and FDC greater flexibility in connection with the distribution of shares of each fund, additional sales of fund shares may result. Furthermore, certain shareholder support services may be provided more effectively under the Plans by local entities with whom shareholders have other relationships. Money Market, High Income, Equity-Income and Growth Portfolios' Plans were approved by shareholders of their respective fund on December 11, 1986. Overseas Portfolio's Plan was approved by shareholders on November 18, 1987. The Plans for Investment Grade Bond Portfolio and Asset Manager Portfolio were approved by the funds' shareholders on December 13, 1989. Index 500 Portfolio's Plan was approved by the Portfolio's shareholders on December 16, 1992. Contrafund and Asset Manager: Growth Portfolios' Plans were approved by the fund sole shareholder on November 9, 1994.

Each fund may execute portfolio transactions with, and purchase securities issued by, depository institutions that receive payments under the Plans. No preference for the instruments of such depository institutions will be shown in the selection of investments.

CONTRACTS WITH COMPANIES AFFILIATED WITH FMR

Each fund has an agreement with FSC, an affiliate of FMR Corp., under which FSC determines the NAV per share and dividends of each fund and maintains the portfolio and general accounting records of each fund. Prior to July 1, 1991, the annual fee for these pricing and bookkeeping services was based on two schedules, one pertaining to each fund's average net assets, and one pertaining to the type and number of transactions each fund made. The fee rates in effect as of July 1, 1991, are based on each fund's average net assets as follows: for Money Market Portfolio, .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; for High Income and Investment Grade Bond Portfolios, .04% for the first $500 million of average net assets and .02% for average net assets in excess of $500 million. For Equity-Income, Growth, Overseas, Asset Manager, Contrafund, Asset Manager: Growth and Index 500 Portfolios, .06% for the first $500 million of average net assets and .03% for average net assets in excess of $500 million. The fee for High Income, Equity Income, Growth, Overseas, Asset Manager, Investment Grade Bond, Index 500, Contrafund and Asset Manager: Growth Portfolios is limited to a minimum of $45,000 and a maximum of $750,000 per year.

The following are the fees paid by each fund to FSC for the last three fiscal years:

<TABLE>
<CAPTION>

<S>	<C> Money Market	<C> High Income	<C> Equity-Income	<C> Growth	<C> Overseas	<C> Investment Grade Bond	<C> Asset Manager	<C> Index 500
1994	$92,003	$197,109	$669,962	$664,914	$491,242	$46,617	$751,546	$45,097
1993	$53,769	$138,642	$439,891	$456,795	$230,456	$46,426	$583,404	$45,074
1992	$52,389	$62,305	$242,745	$303,007	$109,649	$46,187	$243,598	$15,547

</TABLE>

Each fund utilizes FIIOC, an affiliate of FMR Corp., to maintain the master accounts of the participating insurance companies. Under the contract, each fund pays a fee of $95 per shareholder account per year and a fee of $20 for each monetary transaction. In addition to providing transfer agent and shareholder servicing functions, FIIOC pays all transfer agent out-of-pocket expenses and also pays for typesetting, printing and mailing Prospectuses, Statements of Additional Information, reports, notices and statements to shareholders allocable to the master account of participating insurance companies.

The following are the fees paid by each fund to FIIOC (including reimbursement for out-of-pocket expenses) for the last three fiscal years:

	Money Market	High Income	Equity-Income	Growth	Overseas	Investment Grade Bond	Asset Manager	Index 500
1994	$115,837	$163,055	$0	$ 7,612	$173,157	$90,382	$ 50,231	$84,940
1993	$87,208	$108,432	$ 51,596	$ 51,825	$143,222	$71,119	$ 62,281	$33,911
1992	$59,118	$61,198	$68,260	$79,504	$65,240	$39,809	$63,976	$1,205

If a portion of each applicable fund's brokerage commissions had not been allocated toward payment of these fees, the transfer agent fees for the last three fiscal years would have been as follows (not applicable for Money Market, High Income, Overseas, Index 500 and Investment Grade Bond Portfolios):

	Equity-Income Portfolio	Growth Portfolio	Asset Manager Portfolio
1994	$192,500	$212,064	$181,816
1993	111,756	140,122	$115,600
1992	68,260	79,504	63,976

FSC also receives fees for administering each fund's securities lending program. Securities lending fees are based on the number and duration of individual securities loans. For 1994, no lending fees were paid to FSC by any of the funds for the last three fiscal years.

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 each fund, 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. Money Market Portfolio,High Income Portfolio, and Equity-Income Portfolio are funds of Variable Insurance Products Fund, an open-end management investment company organized as a Massachusetts business trust. In July 1985, pursuant to shareholder approval, the Declaration of Trust was amended to change the name of the Trust from Fidelity Cash Reserves II to Variable Insurance Products Fund. The Declaration of Trust permits the Trustees to create additional funds. Investment Grade Bond Portfolio, Asset Manager Portfolio, Index 500 Portfolio, Contrafund Portfolio and Asset Manager: Growth Portfolio are funds of Variable Insurance Products Fund II, an open-end management investment company organized as a Massachusetts business trust on March 21, 1988. The Declaration of Trust permits the Trustees to create additional funds.

Investments in each trust may be made only by the separate accounts of insurance companies for the purpose of funding variable annuity and variable life insurance contracts issued by insurance companies.

In the event that FMR ceases to be the investment adviser to a trust or a fund, the right of the trust or 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 fund 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 the liabilities with respect to such fund and with a share of the general expenses of the trust. Expenses with respect to the trust are to be allocated in proportion to the asset value of the respective funds, except where allocations of direct expense can otherwise be fairly made. The officers of the trust, subject to the general supervision of the Board 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. In the event of the dissolution or liquidation of the trust, shareholders of each fund are entitled to receive as a class the underlying assets of such fund available for distribution.

SHAREHOLDER AND TRUSTEE LIABILITY. Each 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. Each Declaration of Trust provides that the 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 trust or the Trustees shall include a provision limiting the obligations created thereby to the trust and its assets. Each Declaration of Trust provides for indemnification out of each fund's property of any shareholders held personally liable for the obligations of the fund. Each 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.

Each 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 Trustees against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

VOTING RIGHTS. Each fund's capital consists of shares of beneficial interest. The shares have no preemptive or conversion rights; the 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 heading "Shareholder and Trustee Liability" above. Shareholders representing 10% or more of the trust or a fund may, as set forth in the Declaration of Trust, 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 the entire trust, the purpose of voting on removal of one or more Trustees. The trust or any fund may be terminated upon the sale of its assets to another open-end management investment company, or upon liquidation and distribution of its assets, if approved by vote of the holders of a majority of the outstanding shares of the trust or the fund. If not so terminated, the trust and its funds will continue indefinitely.

CUSTODIAN. Morgan Guaranty Trust Company, 60 Wall Street, New York, New York is custodian of Money Market Portfolio's assets; The Bank of New York, 110 Washington Street, New York New York, is custodian of High Income and Investment Grade Bond Portfolios' assets; The Chase Manhattan Bank, N.A., 1211 Avenue of the Americas, New York, New York 10036, is custodian of Equity-Income, Overseas, Asset Manager: Growth, and Asset Manager Portfolios' assets; and Brown Brothers Harriman & Co., 40 Water Street, Boston, Massachusetts, is custodian of Growth, Contrafund, and Index 500 Portfolios' assets. 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. The funds, however, may invest in obligations of the custodians and may purchase or sell securities from or to the custodians. Investors should understand that the expense ratio for the Overseas Portfolio may be higher than that of investment companies which invest exclusively in domestic securities since the cost of maintaining the custody of foreign securities is higher.

FMR, its officers and directors and its affiliated companies from time to time have transactions with various banks, including the custodian banks for certain of the funds advised by FMR. The Boston branch of Brown Brothers Harriman & Co. leases its office space from an affiliate of FMR at a lease payment which, when entered into, was consistent with prevailing market rates. Other transactions that have occurred to date include 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.

AUDITOR. Coopers & Lybrand, L.L.P. One Post Office Square, Boston, Massachusetts (1999 Bryan Street, Dallas Texas, for Money Market Portfolio) , serves as the independent accountant for Variable Insurance Products Fund and Price Waterhouse LLP, 160 Federal Street, Boston, Massachusetts serves as the independent accountant of Variable Insurance Products Fund II, each providing audit services including (1) audits of annual financial statements, (2) assistance and consultation in connection with SEC filings and (3) review of the annual federal income tax returns filed on behalf of each fund.

FINANCIAL STATEMENTS

Each fund's financial statements and financial highlights for the fiscal year ended December 31, 1994 are included in the funds' Annual Reports, which are separate reports supplied with this Statement of Additional Information. Each fund's financial statements and financial highlights are incorporated herein by reference.

APPENDIX

DOLLAR-WEIGHTED AVERAGE MATURITY is derived by multiplying the value of each investment by the number of days remaining to its maturity, adding these calculations, and then dividing the total by the value of the fund's portfolio. An obligation's maturity is typically determined on a stated final maturity basis, although there are some exceptions to this rule. For example, if it is probable that the issuer of an instrument will take advantage of a maturity-shortening device, such as a call, refunding, or redemption provision, the date on which the instrument will probably be called, refunded, or redeemed may be considered to be its maturity date. Also, the maturities of mortgage-backed securities and some asset-backed securities, such as collateralized mortgage obligations, are determined on a weighted average life basis, which is the average time for principal to be repaid. For a mortgage security, this average time is calculated based on estimates of the date principal will be paid in advance of its stated maturity. The weighted average life of these securities is likely to be substantially shorter than their stated final maturity.

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.

(INDEX 500 PORTFOLIO) The S&P 500 Composite Stock Price Index (S&P 500) is a well-known stock market index that includes common stocks of companies representing a significant portion of the market value of all common stocks publicly traded in the United States. FMR believes that the performance of the S&P 500 is representative of the performance of publicly traded common stocks in general. The composition of the S&P 500 is determined by Standard & Poor's Corporation, and is based on such factors as the market capitalization and trading activity of each stock and its adequacy as representative of stocks in a particular industry group; Standard & Poor's may change the composition of the Index from time to time. Stocks in the S&P 500 Index are weighted according to their market capitalization (i.e., the number of shares outstanding multiplied by the stock's current price), with the 59 largest stocks currently composing 50% of the S&P 500's value. Although Standard & Poor's obtains information for inclusion in or for use in the calculation of the S&P 500 from sources which considers reliable, Standard & Poor's does not guarantee the accuracy or the completeness of the S&P 500 or any data included therein. Standard & Poor's makes no warranty, express or implied, as to results to be obtained by the licensee, owners of the fund, or any other person or entity from the use of the S&P 500 or any data included therein in connection with the rights licensed hereunder or for any other use. Standard & Poor's makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to the S&P 500 any data included therein.

THE 500 STOCKS IN THE S&P 500 INDEX. The following is a list of the 500 Stocks in the S&P 500 Index as of December 30, 1994.

Abbott Labs
Advanced Micro Devices
Aetna Life & Casualty
Ahmanson (H.F.) & Co.
Air Products & Chemicals
AirTouch Communications
Alberto-Culver
Albertson's
Alcan Aluminum Ltd.
Alco Standard
Alexander & Alexander
Allergan, Inc.
AlliedSignal
ALLTEL Corp.
Aluminum Co. of America
ALZA Corp. CI.A
Amdahl Corp.
Amerada Hess
American Barrick Res.
American Brands Inc.
American Electric Power
American Express
American General
American Greetings CI A
American Home Products
American Int'l. Group
American Stores
Ameritech
Amgen
Amoco
AMP Inc.
AMR Corp.
Andrew Corp.

Anheuser-Busch
Apple Computer
Archer-Daniels-Midland
Armco Inc.
Armstrong World
ASARCO Inc.
Ashland Oil
AT&T Corp.
Atlantic Richfield
Autodesk, Inc.
Automatic Data Processing Inc.
Avery Dennison Corp.
Avon Products
Baker Hughes
Ball Corp.
Bally Entertainment Corp.
Baltimore Gas & Electric
Banc One Corp.
Bank of Boston
BankAmerica Corp.
Bankers Trust N.Y.
Bard (C.R.) Inc.
Barnett Banks Inc.
Bassett Furniture
Bausch & Lomb
Baxter International Inc.
Becton, Dickinson
Bell Atlantic
BellSouth
Bemis Company
Beneficial Corp.
Bethlehem Steel
Beverly Enterprises
Biomet, Inc.
Black & Decker Corp.
Block H&R
Boatmen's Bancshares
Boeing Company
Boise Cascade
Briggs & Stratton
Bristol-Myers Squibb
Brown Group
Browning-Ferris Ind.
Brown-Forman Corp.
Bruno's Inc.
Brunswick Corp.
Burlington Northern
Burlington Resources
Campbell Soup
Capital Cities/ABC
Carolina Power & Light
Caterpillar Inc.
CBS Inc.
Centex Corp.
Central & South West
Ceridian Corp.
Champion International
Charming Shoppes
Chase Manhattan
Chemical Banking Corp.
Chevron Corp.
Chrysler Corp.
Chubb Corp.
CIGNA Corp.
Cincinnati Milacron
Cinergy Corp.
Circuity City Stores
cicso Systems
Citicorp
Clark Equipment
Clorox Co.
Coastal Corp.
Coca Cola Co.
Colgate-Palmolive
Columbia Gas System
Columbia/HCA Healthcare Corp.
Comcast Class A Special
Community Psych Centers
COMPAQ Computer
Computer Associates Intl.
Computer Sciences Corp.
ConAgra Inc.
Consolidated Edison
Consolidated Freightways
Consolidated Natural Gas

Conrail Inc.
Continental Corp.
Cooper Industries
Cooper Tire & Rubber
Coors (Adolph)
CoreStates Financial
Corning Inc.
CPC International
Crane Company
Cray Research
Crown Cork & Seal
CSX Corp.
Cummins Engine Co., Inc.
Cyprus Amax Minerals Co.
Dana Corp.
Data General
Dayton Hudson
Dean Witter, Discover & Co.
Deere & Co.
Delta Air Lines
Deluxe Corp.
Detroit Edison
Dial Corp.
Digital Equipment
Dillard Department Stores
Dominion Resources
Donnelley (R.R.) & Sons
Dover Corp.
Dow Chemical
Dow Jones & Co.
Dresser Industries
DSC Communications
Du Pont (E.I.)
Duke Power
Dun & Bradstreet
E G & G Inc.
E-Systems
Eastern Enterprises
Eastman Chemical
Eastman Kodak
Eaton Corp.
Echlin Inc.
Echo Bay Mines Ltd.
Ecolab Inc.
Emerson Electric
Engelhard Corp.
Enron Corp.
ENSERCH Corp.
Entergy Corp.
Exxon Corp.
Federal Express
Federal Home Loan Mtg.
Federal Natl. Mtge.
Federal Paper Board
First Chicago Corp.
First Data
First Fidelity Bancorp
First Interstate Bancorp
First Mississippi Corp.
First Union Corp.
Fleet Financial Group
Fleetwood Enterprises
Fleming Cos. Inc.
Fluor Corp.
FMC Corp.
Ford Motor
Foster Wheeler
FPL Group
Gannett Co.
Gap (The)
General Dynamics
General Electric
General Mills
General Motors
General Re Corp.
General Signal
Genuine Parts
Georgia-Pacific
Giant Food CI. A
Giddings & Lewis
Gillette Co.
Golden West Financial
Goodrich (B.F.)
Goodyear Tire & Rubber
Grace (W.R.) & Co.

Grainger (W.W.) Inc.
Great A & P
Great Lakes Chemical
Great Western Financial
GTE Corp.
Halliburton Co.
Handleman Co.
Harcourt General Inc.
Harland (J.H.)
Harnischfeger Indus.
Harris Corp.
Hartmarx Corp.
Hasbro Inc.
Heinz (H.J.)
Helmerich & Payne
Hercules, Inc.
Hershey Foods
Hewlett-Packard
Hilton Hotels
Home Depot
Homestake Mining
Honeywell
Household International
Houston Industries
Illinois Tool Works
Inco, Ltd.
Ingersoll-Rand
Inland Steel Ind. Inc.
Intel Corp.
Intergraph Corp.
International Bus. Machines
International Flav/Frag
International Paper
Interpublic Group
ITT Corp.
James River
Jefferson-Pilot
Johnson Controls
Johnson & Johnson
Jostens Inc.
K Mart
Kaufman & Broad Home Corp.
Kellogg Co.
Kerr-McGee
KeyCorp
Kimberly-Clark
King World Productions
Knight-Ridder Inc.
Kroger Co.
Lilly (Eli) & Co.
Limited, The
Lincoln National
Liz Claiborne, Inc.
Lockheed Corp.
Longs Drug Stores
Loral Corp.
Lotus Development
Louisiana Land & Exploration
Louisiana Pacific
Lowe's Cos.
Luby's Cafeterias
M/A-Com, Inc.
Maillinckrodt Group Inc.
Manor Care
Marriott Int'l
Marsh & McLennan
Martin Marietta
Masco Corp.
Mattel, Inc.
Maxus Energy
May Dept. Stores
Maytag Corp.
MBNA Corp.
McDermott International
McDonald's Corp.
McDonnell Douglas
McGraw-Hill
MCI Communications
Mead Corp.
Medtronic Inc.
Mellon Bank Corp.
Melville Corp.
Mercantile Stores
Merck & Co.
Meredith Corp.

Merrill Lynch
Micron Technology
Microsoft Corp.
Millipore Corp.
Minn. Mining & Mfg.
Mobil Corp.
Monsanto Company
Moore Corp. Ltd.
Morgan (J.P.) & Co.
Morrison Knudsen
Morton International
Motorola Inc.
NACCO Ind. CI. A
Nalco Chemical
National City Corp.
National Education
National Medical Enterprise
National Semiconductor
National Service Ind.
NationsBank
Navistar International Corp.
NBD Bancorp Inc.
New York Times CI. A
Newell Co.
Newmont Mining
Niagara Mohawk Power
NICOR Inc.
NIKE Inc.
NorAm Energy Corp.
Nordstrom
Norfolk Southern Corp.
Northern States Power
Northern Telecom
Northrop Grumman Corp.
Norwest Corp.
Novell Inc.
Nucor Corp.
Nynex
Occidental Petroleum
Ogden Corp.
Ohio Edison
ONEOK Inc.
Oracle Systems
Oryx Energy Co.
Oshkosh B'Gosh
Outboard Marine
Owens-Corning Fiberglas
PACCAR Inc.
Pacific Enterprises
Pacific Gas & Electric
Pacific Telesis
PacifiCorp
Pall Corp.
Panhandle Eastern
Parker-Hannifin
PECO Energy Co.
Penney (J.C.)
Pennzoil Co.
Peoples Energy
Pep Boys
PepsiCo Inc.
Perkin-Elmer
Pet Inc.
Pfizer, Inc.
Phelps Dodge
Philip Morris
Phillips Petroleum
Pioneer Hi-Bred Int'l
Pitney-Bowes
Pittston Services Group
Placer Dome Inc.
PNC Bank Corp.
Polaroid Corp.
Potlatch Corp.
PPG Industries
Praxair, Inc.
Premark International
Price/Costco Inc.
Procter & Gamble
Promus Inc.
Providian Corp.
Public Serv. Enterprise Inc.
Pulte Corp.
Quaker Oats
Ralston-Ralston Purina Gp

Raychem Corp.
Raytheon Co.
Reebok International
Reynolds Metals
Rite Aid
Roadway Services
Rockwell International
Rohm & Haas
Rollins Environmental
Rowan Cos.
Royal Dutch Petroleum
Rubbermaid Inc.
Russell Corp.
Ryan's Family Steak House
Ryder System
SAFECO Corp.
Safety-Kleen
Salomon Inc.
Santa Fe Energy Resources
Santa Fe Pacific Gold Corp.
Santa Fe Pacific Corp.
Sara Lee Corp.
SBC Communications Inc.
SCEcorp.
Schering-Plough
Schlumberger Ltd.
Scientific-Atlanta
Scott Paper
Seagram Co. Ltd.
Sears, Roebuck & Co.
Service Corp. International
Shared Medical Systems
Shawmut National
Sherwin-Williams
Shoney's Inc.
Sigma-Aldrich
Skyline Corp.
Snap-On Tools
Sonat Inc.
Southern Co.
Southwest Airlines
Springs Industries Inc.
Sprint Corp.
SPX Corp.
St. Jude Medical
St. Paul Cos.
Stanley Works
Stone Container
Stride Rite
Sun Co., Inc.
Sun Microsystems
SunTrust Banks
Supervalu Inc.
Sysco Corp.
Tandem Computers Inc.
Tandy Corp.
Tektronix Inc.
Teledyne Inc.
Tele-Communications
Temple-Inland
Tenneco Inc.
Texaco Inc.
Texas Instruments
Texas Utilities
Textron Inc.
Thomas & Betts
Time Warner Inc.
Times Mirror
Timken Co.
TJX Companies Inc.
Torchmark Corp.
Toys R Us
Transamerica Corp.
Transco Energy
Travelers Inc.
Tribune Co.
Trinova Corp.
TRW Inc.
Tyco International
Unicom Corp.
Unilever N.V.
Union Camp
Union Carbide
Union Electric Co.
Union Pacific

Unisys Corp.
United Healthcare Corp.
United Technologies
Unocal Corp.
UNUM Corp.
Upjohn Co.
US West Inc.
USAir Group
USF&G Corp.
USLIFE Corp.
UST Inc.
USX-Marathon Group
USX-U.S. Steel Group
U.S. Bancorp
U.S. Healthcare Inc.
U.S. Surgical
Varity Corp.
V.F. Corp.
Viacom Inc.
Wachovia Corp.
Wal-Mart Stores
Walgreen Co.
Walt Disney Co.
Warner-Lambert
WMX Technologies
Wells Fargo & Co.
Wendy's International
Western Atlas
Westinghouse Electric
Westvaco Corp.
Weyerhaeuser Corp.
Whirlpool Corp.
Whitman Corp.
Williams Cos.
Winn-Dixie
Woolworth Corp.
Worthington Ind.
Wrigley (Wm) Jr.
Xerox Corp.
Yellow Corp.
Zenith Electronics
Zurn Industries

VARIABLE INSURANCE PRODUCTS FUND II:
CONTRAFUND PORTFOLIO AND ASSET MANAGER: GROWTH PORTFOLIO
SUPPLEMENT TO THE STATEMENT OF ADDITIONAL INFORMATION APRIL 30, 1995
The following information replaces that found under the section entitled "Financial Statements".
Each fund's (except for Contrafund Portfolio and Asset Manager: Growth Portfolio) financial statements and financial highlights for the fiscal year ended December 31, 1994 are included in the funds' Annual Reports, which are separate reports supplied with this Statement of Additional Information. Each fund's financial statements and financial highlights are incorporated herein by reference. The financial statements and financial highlights (unaudited) for the semiannual period ended June 30, 1995, for Contrafund and Asset Manager: Growth Portfolios are incorporated herein by reference.
VIPII-stk-95-1   August 25, 1995

VARIABLE INSURANCE PRODUCTS FUND: MONEY MARKET PORTFOLIO, HIGH INCOME PORTFOLIO, EQUITY-INCOME PORTFOLIO, GROWTH PORTFOLIO, AND OVERSEAS PORTFOLIO
VARIABLE INSURANCE PRODUCTS FUND II: INVESTMENT GRADE BOND PORTFOLIO, ASSET MANAGER PORTFOLIO,
INDEX 500 PORTFOLIO, CONTRAFUND PORTFOLIO AND ASSET MANAGER: GROWTH PORTFOLIO
STATEMENT OF ADDITIONAL INFORMATION
APRIL 30, 1995
This Statement is not a prospectus but should be read in conjunction with the funds' current Prospectus (dated April 30, 1995). Please retain this document for future reference. The funds' financial statements and financial highlights, included in the Annual Reports for the fiscal year ended December 31, 1994, are incorporated herein by reference. To obtain an additional copy of the Prospectus or Annual Reports, please call your insurance company or Fidelity Distributors Corporation at 1-800-544-8888.
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INVESTMENT ADVISER
Fidelity Management & Research Company (FMR)
INVESTMENT SUB-ADVISERS
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High Income, Asset Manager, Contrafund and Asset Manager: Growth Portfolios:
Fidelity Management & Research (U.K.) Inc. (FMR U.K.)
Fidelity Management & Research (Far East) Inc. (FMR Far East)
Overseas Portfolio:
FMR U.K.
FMR Far East
Fidelity International Investment Advisors (FIIA)
Fidelity International Investment Advisors (U.K.) Limited (FIIAL U.K.)
DISTRIBUTOR
Fidelity Distributors Corporation (FDC)
TRANSFER AGENT
Fidelity Investments Institutional Operations Company (FIIOC)
VIP/VIPII-ptb-04/95

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 each 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.

MONEY MARKET PORTFOLIO

THE FOLLOWING ARE THE FUND'S FUNDAMENTAL INVESTMENT LIMITATIONS. 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, 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 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) 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;

(4) underwrite securities issued by others, except to the extent that the fund may be considered an underwriter within the meaning of the Securities Act of 1933 in the disposition of restricted securities;

(5) 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, except that the fund will invest more than 25% of its total assets in the financial services industry;

(6) 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);

(7) purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments;

(8) 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; or

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

THE FOLLOWING INVESTMENT LIMITATIONS FOR MONEY MARKET PORTFOLIO ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER NOTIFICATION.

(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 does not currently intend to purchase securities on margin, except that the fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(iv) 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 advisor or (b) by engaging in reverse repurchase agreements with any party. The fund will not borrow money in excess of 25% of net assets so long as this limitation is required for certification by certain state insurance departments. 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.

(v) 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.

(vi) The fund does not currently intend to purchase or sell futures contracts or 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 or futures contracts.

(vii) 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 advisor. (This limit does not apply to purchases of debt securities or to repurchase agreements.)

(viii) 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.

(ix) The fund does not currently intend to invest in oil, gas, or other mineral exploration or development programs or leases.

QUALITY AND MATURITY. Pursuant to procedures adopted by the Board of Trustees, the fund may purchase only high-quality securities that FMR believes present minimal credit risks. To be considered high quality, a security must be 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 are divided into "first tier" and "second tier" securities. First tier securities are those deemed to be in the highest rating category (e.g., Standard & Poor's A-1), and second tier securities are those deemed to be in the second highest rating category (e.g., Standard & Poor's A-2).High-quality securities are divided into "first tier" and "second tier" securities.

The fund may not invest more than 5% of its total assets in second tier securities. In addition, the fund may not invest more than 1% of its total assets or $1 million (whichever is greater) in the second tier securities of a single issuer.

The fund currently intends to limit its investments to securities with remaining maturities of 397 days or less, and to maintain a dollar-weighted average maturity of 90 days or less. When determining the maturity of a security, the fund may look to an interest rate reset or demand feature.

DOMESTIC AND FOREIGN ISSUERS. 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 United States, 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 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, evidence of ownership of portfolio securities may be held outside of the United States 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.

HIGH INCOME, EQUITY-INCOME, GROWTH, OVERSEAS, INVESTMENT GRADE BOND, ASSET MANAGER, INDEX 500, CONTRAFUND AND ASSET MANAGER: GROWTH PORTFOLIOS

THE FOLLOWING ARE HIGH INCOME, EQUITY-INCOME, GROWTH, OVERSEAS, INVESTMENT GRADE BOND, ASSET MANAGER, INDEX 500, CONTRAFUND AND ASSET MANAGER: GROWTH PORTFOLIOS' FUNDAMENTAL INVESTMENT LIMITATIONS. EACH FUND MAY NOT:

(1) with respect to 75% of the fund's total assets, 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, (a) more than 5% of the fund's total assets would be invested in the securities of that issuer, or (b) the fund would hold more than 10% of the outstanding voting securities of that issuer;

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

(3) (for High Income, Equity-Income, Growth and Overseas Portfolios) borrow money, except that the fund (i) may borrow money for temporary or emergency purposes (not for leveraging or investment) or (ii) engage in reverse repurchase agreements, provided that (i) and (ii) in combination (borrowings) do not exceed 33 1/3% of its total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed 33 1/3% of the value of the fund's total assets by reason of a decline in net assets will be reduced within three days (exclusive of Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation;

(for Investment Grade Bond, Asset Manager, Index 500, Contrafund and Asset Manager: Growth Portfolios) borrow money, except that the fund may borrow money for temporary or emergency purposes (not for leveraging or investment) in an amount not exceeding 33 1/3% of its 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;

(4) underwrite securities issued by others, except to the extent that the fund may be considered an underwriter within the meaning of the Securities Act of 1933 in the disposition of restricted securities;

(5) 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 its total assets would be invested in the securities of companies whose principal business activities are in the same industry;

(6) 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);
(7) purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the fund from purchasing or selling options and futures contracts or from investing in securities or other instruments backed by physical commodities); or
(8) 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.
THE FOLLOWING INVESTMENT LIMITATIONS FOR HIGH INCOME, EQUITY-INCOME, GROWTH, OVERSEAS, INVESTMENT GRADE BOND, ASSET MANAGER, INDEX 500, CONTRAFUND AND ASSET MANAGER: GROWTH PORTFOLIOS ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER NOTIFICATION.
(i) Each 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.
(ii) Each fund does not currently intend to purchase securities on margin, except that the fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.
(iii) Each 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 advisor or (b) by engaging in reverse repurchase agreements with any party (reverse repurchase agreements are treated as borrowings for purposes of fundamental investment limitation (3)). Each fund will not borrow money in excess of 25% of net assets so long as this limitation is required for certification by certain state insurance departments. Any borrowings that come to exceed this amount will be reduced within seven days (not including Sundays and holidays) to the extent necessary to comply with the 25% limitation. Each fund will not purchase any security while borrowings representing more than 5% of its total assets are outstanding. Each 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) Each fund does not currently intend to purchase any security if, as a result, more than 10% of Equity-Income, Growth, Investment Grade Bond, Asset Manager, Index 500, Contrafund and Asset Manager: Growth Portfolios' net assets and 15% of High Income and Overseas Portfolio's 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) Each fund does not currently intend to lend assets other than securities to other parties, except by: (a) lending money (up to 5% of net assets for Equity-Income, Growth, Overseas, Asset Manager, Index 500, Contrafund and Asset Manager: Growth Portfolios and 7.5% of net assets for High Income and Investment Grade Bond Portfolios) to a registered investment company or portfolio for which FMR or an affiliate serves as investment advisor or (b) acquiring loans, loan participations, or other forms of direct debt instruments and, in connection therewith, assuming any associated unfunded commitments of the sellers. (This limitation does not apply to purchases of debt securities or to repurchase agreements.)
(vi) Each 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.
(vii) Each fund does not currently intend to invest in oil, gas, or other mineral exploration or development programs or leases.
For each fund's limitations on futures and options transactions, see the section entitled "Limitations on Futures and Options Transactions." For limitations on short sales, see the section entitled "Short Sales."
For the funds' policies on foreign investments, see the section entitled "Foreign Investments."
Higher yielding, fixed-income securities of the type in which High Income Portfolio invests will at times be purchased at a discount from or a premium over par value. The total return on such securities includes the potential for a capital gain or loss. High Income Portfolio generally does not intend to hold securities for the purpose of achieving capital gains, however, unless current yields on these securities remain attractive. Capital gain or loss may also be realized upon the sale of portfolio securities.
The U.S. government has from time to time in the past imposed restrictions, through taxation and otherwise, on foreign investments by U.S. investors such as the funds. If such restrictions should be reinstituted, it might become necessary for Overseas Portfolio to invest all or substantially all of its assets in U.S. securities. In such event, the Board of Trustees would reevaluate the fund's investment objective and policies.
In accordance with the funds' fundamental investment policies, there are no limitations on the percentage of the funds' assets which may be invested in

any one type of instrument. Nor are there limitations (except those imposed by certain state insurance regulations) on the percentage of the funds' assets which may be invested in any foreign country. However, in order to comply with diversification requirements under Section 817(h) of the Internal Revenue Code of 1986, as amended, in connection with FMR serving as investment advisor, each fund has agreed to certain non-fundamental limitations. Please refer to your insurance company's separate account prospectus for more information.

Each fund's investments must be consistent with its investment objective and policies. Accordingly, not all of the security types and investment techniques discussed below are eligible investments for each of the funds.

AFFILIATED BANK TRANSACTIONS. A fund may engage in transactions with financial institutions that are, or may be considered to be, "affiliated persons" of the fund under the Investment Company Act of 1940. These transactions may include repurchase agreements with custodian banks; short-term obligations of, and repurchase agreements with, the 50 largest U.S. banks (measured by deposits); municipal securities; U.S. government securities with affiliated financial institutions that are primary dealers in these securities; short-term currency transactions; and short-term borrowings. In accordance with exemptive orders issued by the Securities and Exchange Commission (SEC), the Board of Trustees has established and periodically reviews procedures applicable to transactions involving affiliated financial institutions.

FUNDS' RIGHTS AS A SHAREHOLDER. The funds do not intend to direct or administer the day-to-day operations of any company. Each fund, however, may exercise its rights as a shareholder and may communicate its views on important matters of policy to management, the Board of Directors, and shareholders of a company when FMR determines that such matters could have a significant effect on the value of the fund's investment in the company. The activities that a fund may engage in, either individually or in conjunction with others, may include, among others, supporting or opposing proposed changes in a company's corporate structure or business activities; seeking changes in a company's directors or management; seeking changes in a company's direction or policies; seeking the sale or reorganization of the company or a portion of its assets; or supporting or opposing third party takeover efforts. This area of corporate activity is increasingly prone to litigation and it is possible that a fund could be involved in lawsuits related to such activities. FMR will monitor such activities with a view to mitigating, to the extent possible, the risk of litigation against a fund and the risk of actual liability if a fund is involved in litigation. No guarantee can be made, however, that litigation against a fund will not be undertaken or liabilities incurred.

ASSET ALLOCATION (ASSET MANAGER AND ASSET MANAGER: GROWTH). The short-term class includes all types of domestic and foreign securities and short-term instruments with remaining maturities of three years or less. FMR seeks to maximize total return within this asset class by taking advantage of yield differentials between different instruments, issuers, and currencies. Short-term instruments may include corporate debt securities, such as commercial paper and notes; government securities issued by U.S. or foreign governments or their agencies or instrumentalities; bank deposits and other financial institution obligations; repurchase agreements involving any type of security; and other similar short-term instruments. These instruments may be denominated in U.S. dollars or foreign currency.

The bond class includes all varieties of domestic and foreign fixed-income securities with maturities greater than three years. FMR seeks to maximize total return within the bond class by adjusting the fund's investments in securities with different credit qualities, maturities, and coupon or dividend rates, and by seeking to take advantage of yield differentials between securities. Securities in this class may include bonds, notes, adjustable-rate preferred stocks, convertible bonds, mortgage-related and asset-backed securities, domestic and foreign government and government agency securities, zero coupon bonds, and other intermediate-term and long-term securities. As with the short-term class, these securities may be denominated in U.S. dollars or foreign currency. The fund may also invest in lower quality, high-yielding debt securities (commonly referred to as "junk bonds").

The stock class includes domestic and foreign equity securities of all types (other than adjustable-rate preferred stocks which are included in the bond class). FMR seeks to maximize total return within this asset class by actively allocating assets to industry sectors expected to benefit from major trends, and to individual stocks that FMR believes to have superior investment potential. When FMR selects equity securities, it considers both growth and anticipated dividend income. Securities in the stock class may include common stocks, fixed-rate preferred stocks (including convertible preferred stocks), warrants, rights, depositary receipts, securities of closed-end investment companies, and other equity securities issued by companies of any size, located anywhere in the world.

In making asset allocation decisions, FMR will evaluate projections of risk, market conditions, economic conditions, volatility, yields, and returns. FMR's management will use database systems to help analyze past situations and trends, research specialists in each of the asset classes to help in securities selection, portfolio management professionals to determine asset allocation and to select individual securities, and its own credit analysis as well as credit analyses provided by rating services.

INVESTMENT DETAILS FOR INDEX 500 PORTFOLIO. Index 500 Portfolio is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial, and market analyses and investment judgment. Instead, the fund, utilizing a "passive" or "indexing" investment approach, attempts to duplicate the performance of the S&P 500. The fund may omit or remove an S&P 500 stock from its portfolio if, following objective criteria, FMR judges the stock to be insufficiently liquid or believes the merit of the investment has been substantially impaired by extraordinary events or financial conditions. FMR may purchase stocks that are not included in the S&P 500 to compensate for these differences if it believes that their prices will move together with the prices of S&P 500 stocks omitted from the portfolio.

The ability of the fund to meet its objective depends in part on its cash flow because investments and redemptions by shareholders generally will require the fund to purchase or sell portfolio securities. A low level of shareholder transactions will keep cash flow manageable and enhance the fund's ability to track the S&P 500. FMR will make investment changes to accommodate cash flow in an attempt to maintain the similarity of the fund's portfolio to the composition of the S&P 500. In addition, the fund will maintain a reasonable position in high-quality, short-term debt securities and money market instruments to meet redemption requests.

S&P 500. The S&P 500 is a well-known stock market index that includes common stocks of companies representing a significant portion of the market value of all common stocks publicly traded in the United States. Stocks in the S&P 500 are weighted according to their market capitalization (i.e. the number of shares outstanding multiplied by the stock's current price), with the 62 largest stocks currently comprised approximately 50% of the index's value. The composition of the S&P 500 is determined by Standard & Poor's Corporation and is based on such factors as the market capitalization and trading activity of each stock and its adequacy as a representation of stocks in a particular industry group. Standard and Poor's Corporation may change the index's composition from time to time.

The performance of the S&P 500 is a hypothetical number which does not take into account brokerage commissions and other costs of investing, which the fund bears.

LOWER-QUALITY DEBT SECURITIES. While the market for high-yield corporate debt securities has been in existence for many years and has weathered previous economic downturns, the 1980s brought a dramatic increase in the use of such securities to fund highly leveraged corporate acquisitions and restructurings. Past experience may not provide an accurate indication of the future performance of the high-yield bond market, especially during periods of economic recession. In fact, from 1989 to 1991, the percentage of lower-quality securities that defaulted rose significantly above prior levels, although the default rate has since declined.

The market for lower-quality debt securities may be thinner and less active than that for higher-quality debt securities, which can adversely affect the prices at which the former are sold. If market quotations are not available, lower-quality debt securities will be valued in accordance with procedures established by the Board of Trustees, including the use of outside pricing services. Judgment plays a greater role in valuing high-yield corporate debt securities than is the case for securities for which more external sources for quotations and last-sale information are available. Adverse publicity and changing investor perceptions may affect the ability of outside pricing services to value lower-quality debt securities and a fund's ability to dispose of these securities.

Since the risk of default is higher for lower-quality debt securities, FMR's research and credit analysis are an especially important part of managing securities of this type held by a fund. In considering investments for the fund, FMR will attempt to identify those issuers of high-yielding securities whose financial condition is adequate to meet future obligations, has improved, or is expected to improve in the future. FMR's analysis focuses on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects, and the experience and managerial strength of the issuer.

Each fund may choose, at its expense or in conjunction with others, to pursue litigation or otherwise to exercise its rights as a security holder to seek to protect the interests of security holders if it determines this to be in the best interest of the fund's shareholders.

PUT FEATURES entitle the holder to sell a security back to the issuer or a third party at any time or at specified intervals. They are subject to the risk that the put provider is unable to honor the put feature (purchase the security). Put providers often support their ability to buy securities on demand by obtaining letters of credit or other guarantees from domestic or foreign banks. FMR may rely on its evaluation of a bank's credit in determining whether to purchase a security supported by a letter of credit. In evaluating a foreign bank's credit, FMR will consider whether adequate public information about the bank is available and whether the bank may be subject to unfavorable political or economic developments, currency controls, or other government restrictions that might affect the bank's ability to honor its credit commitment. Demand features, standby commitments, and tender options are types of put features.

SWAP AGREEMENTS. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a fund's exposure to long or short-term interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices or inflation rates. Swap agreements can take many different forms and are known by a variety of names. A fund is not limited to any particular form of swap agreement if FMR determines it is consistent with the fund's investment objective and policies.

In a typical cap or floor agreement, one party agrees to make payments only under specified circumstances, usually in return for payment of a fee by the other party. For example, the buyer of an interest rate cap obtains the right to receive payments to the extent that a specified interest rate exceeds an agreed-upon level, while the seller of an interest rate floor is obligated to make payments to the extent that a specified interest rate falls below an agreed-upon level. An interest rate collar combines elements of buying a cap and selling a floor.

The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, or other factors that determine the amounts of payments due to and from a fund. If a swap agreement calls for payments by the fund, the fund must be prepared to make such payments when due. In addition, if the counterparty's creditworthiness declined, the value of a swap agreement would be likely to decline, potentially resulting in losses. A fund expects to be able to eliminate its exposure under swap agreements either by assignment or other disposition, or by entering into an offsetting swap agreement with the same party or a similarly creditworthy party.

A fund will maintain appropriate liquid assets in a segregated custodial account to cover its current obligations under swap agreements. If a fund enters into a swap agreement on a net basis, it will segregate assets with a daily value at least equal to the excess, if any, of the fund's accrued obligations under the swap agreement over the accrued amount the fund is entitled to receive under the agreement. If a fund enters into a swap agreement on other than a net basis, it will segregate assets with a value equal to the full amount of the fund's accrued obligations under the agreement.

VARIABLE OR FLOATING RATE OBLIGATIONS bear variable or floating interest rates and may 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.

Money Market Portfolio may invest in variable or floating rate instruments that 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.

INDEXED SECURITIES. A fund may purchase securities whose prices are indexed to the prices of other securities, securities indices, currencies, precious metals or other commodities, or other financial indicators. Indexed securities typically, but not always, are debt securities or deposits whose value at maturity or coupon rate is determined by reference to a specific instrument or statistic. Gold-indexed securities, for example, typically provide for a maturity value that depends on the price of gold, resulting in a security whose price tends to rise and fall together with gold prices. Currency-indexed securities typically are short-term to intermediate-term debt securities whose maturity values or interest rates are determined by reference to the values of one or more specified foreign currencies, and may offer higher yields than U.S. dollar-denominated securities of equivalent issuers. Currency-indexed securities may be positively or negatively indexed; that is, their maturity value may increase when the specified currency value increases, resulting in a security that performs similarly to a foreign-denominated instrument, or their maturity value may decline when foreign currencies increase, resulting in a security whose price characteristics are similar to a put on the underlying currency. Currency-indexed securities may also have prices that depend on the values of a number of different foreign currencies relative to each other.

The performance of indexed securities depends to a great extent on the performance of the security, currency, or other instrument to which they are indexed, and may also be influenced by interest rate changes in the

United States and abroad. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their values may decline substantially if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations, and certain U.S. government agencies. FMR will use its judgment in determining whether indexed securities should be treated as short-term instruments, bonds, stocks, or as a separate asset class for purposes of the fund's investment allocations, depending on the individual characteristics of the securities. Indexed securities may be more volatile than the underlying instruments.

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 a fund's investments and, through reports from FMR, the Board monitors investments in illiquid instruments. In determining the liquidity of a 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 the funds to be illiquid include repurchase agreements not entitling the holder to payment of principal and interest within seven days, over-the-counter options, and non-government stripped fixed-rate mortgage-backed securities. Also, FMR may determine some restricted securities, government-stripped fixed-rate mortgage-backed securities, loans and other direct debt instruments, emerging market securities, and swap agreements to be illiquid. However, with respect to over-the-counter options a fund writes, all or a portion of the value of the underlying instrument may be illiquid depending on the assets held to cover the option and the nature and terms of any agreement the fund may have to close out the option before expiration.

In the absence of market quotations, illiquid investments are priced at fair value as determined in good faith by a committee appointed by the Board of Trustees (for Money Market Portfolio, illiquid investments are valued for purposes of monitoring amortized cost valuation). If through a change in values, net assets, or other circumstances, each fund were in a position where 10% or more than Money Market Portfolio's net assets and more than 10% of Equity-Income, Growth, Investment Grade Bond, Asset Manager, Index 500, Contrafund and Asset Manager: Growth Portfolios' net assets and more than 15% of High Income and Overseas Portfolio's net assets were invested in illiquid securities, each fund would seek to take appropriate steps to protect liquidity.

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, a 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 it may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, a fund might obtain a less favorable price than prevailed when it decided to seek registration of the security. However, in general, the money market fund anticipates holding restricted securities to maturity or selling them in an exempt transaction.

REPURCHASE AGREEMENTS. In a repurchase agreement, a fund purchases a security and simultaneously commits to sell that security back to the original seller at an agreed-upon price. 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. While it does not presently appear possible to eliminate all risks from these transactions (particularly the possibility that the value of the underlying security will be less than the resale price, as well as delays and costs to a fund in connection with bankruptcy proceedings), it is each fund's current policy to engage in repurchase agreement transactions with 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, the fund will maintain appropriate liquid assets in a segregated custodial account to cover its obligation under the agreement. A 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 the fund's assets and may be viewed as a form of leverage.

SECURITIES LENDING. A fund may lend securities to parties such as broker-dealers or institutional investors, including Fidelity Brokerage Services, Inc. (FBSI). FBSI is a member of the New York Stock Exchange (NYSE) and a subsidiary of FMR Corp.

Securities lending allows a fund to retain ownership of the securities loaned and, at the same time, to earn additional income. Since there may be delays in the recovery of loaned securities, or even a loss of rights in collateral supplied should the borrower fail financially, loans will be made only to parties deemed by FMR to be of good standing. Furthermore, they will only be made if, in FMR's judgment, the consideration to be earned from such loans would justify the risk.

FMR understands that it is the current view of the SEC Staff that a fund may engage in loan transactions only under the following conditions: (1) the fund must receive 100% collateral in the form of cash or cash equivalents (e.g., U.S. Treasury bills or notes) from the borrower; (2) the borrower must increase the collateral whenever the market value of the securities loaned (determined on a daily basis) rises above the value of the collateral; (3) after giving notice, the fund must be able to terminate the loan at any time; (4) the fund must receive reasonable interest on the loan or a flat fee from the borrower, as well as amounts equivalent to any dividends, interest, or other distributions on the securities loaned and to any increase in market value; (5) the fund may pay only reasonable custodian fees in connection with the loan; and (6) the Board of Trustees must be able to vote proxies on the securities loaned, either by terminating the loan or by entering into an alternative arrangement with the borrower.

Cash received through loan transactions may be invested in any security in which a fund is authorized to invest. Investing this cash subjects that investment, as well as the security loaned, to market forces (i.e., capital appreciation or depreciation).

LOANS AND OTHER DIRECT DEBT INSTRUMENTS. Direct debt instruments are interests in amounts owed by a corporate, governmental, or other borrower to lenders or lending syndicates (loans and loan participations), to suppliers of goods or services (trade claims or other receivables), or to other parties. Direct debt instruments are subject to a fund's policies regarding the quality of debt securities.

Purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the borrower for payment of principal and interest. Direct debt instruments may not be rated by any nationally recognized rating service. If a fund does not receive scheduled interest or principal payments on such indebtedness, the fund's share price and yield could be adversely affected. Loans that are fully secured offer the fund more protections than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the borrower's obligation, or that the collateral could be liquidated. Indebtedness of borrowers whose creditworthiness is poor involves substantially greater risks and may be highly speculative. Borrowers that are in bankruptcy or restructuring may never pay off their indebtedness, or may pay only a small fraction of the amount owed. Direct indebtedness of developing countries also involves a risk that the governmental entities responsible for the repayment of the debt may be unable, or unwilling, to pay interest and repay principal when due.

Investments in loans through direct assignment of a financial institution's interests with respect to a loan may involve additional risks to a fund. For example, if a loan is foreclosed, a fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, a fund could be held liable as a co-lender. Direct debt instruments may also involve a risk of insolvency of the lending bank or other intermediary. Direct debt instruments that are not in the form of securities may offer less legal protection to the fund in the event of fraud or misrepresentation. In the absence of definitive regulatory guidance, the fund relies on FMR's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect a fund.

A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness, a fund has direct recourse against the borrower, it may have to rely on the agent to apply appropriate credit remedies against a borrower. If assets held by the agent for the benefit of a fund were determined to be subject to the claims of the agent's general creditors, the fund might incur certain costs and delays in realizing payment on the loan or loan participation and could suffer a loss of principal or interest.

Direct indebtedness purchased by a fund may include letters of credit, revolving credit facilities, or other standby financing commitments obligating the fund to pay additional cash on demand. These commitments may have the effect of requiring the fund to increase its investment in a borrower at a time when it would not otherwise have done so, even if the borrower's condition makes it unlikely that the amount will ever be repaid. A fund will set aside appropriate liquid assets in a segregated custodial account to cover its potential obligations under standby financing commitments.

A fund limits the amount of total assets that it will invest in any one issuer or in issuers within the same industry (see limitations 1 and 5). For purposes of these limitations, a fund generally will treat the borrower as the "issuer" of indebtedness held by the fund. In the case of loan participations where a bank or other lending institution serves as financial intermediary between a fund and the borrower, if the participation does not shift to the fund the direct debtor-creditor relationship with the borrower, SEC interpretations require a fund, in appropriate circumstances, to treat both the lending bank or other lending institution and the borrower as "issuers" for these purposes. Treating a financial intermediary as an issuer of indebtedness may restrict the funds' ability to invest in indebtedness related to a single financial intermediary, or a group of intermediaries engaged in the same industry, even if the underlying borrowers represent many different companies and industries.

ASSET-BACKED SECURITIES 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.

ZERO COUPON BONDS. Zero coupon bonds do not make interest payments; instead, they are sold at a deep discount from their face value and are redeemed at face value when they mature. Because zero coupon bonds do not pay current income, their prices can be very volatile when interest rates change. In calculating its dividends, a fund takes into account as income a portion of the difference between a zero coupon bond's purchase price and its face value.

A broker-dealer creates a DERIVATIVE ZERO by separating the interest and principal components of a U.S. Treasury security and selling them as two individual securities. CATS (Certificates of Accrual on Treasury Securities), TIGRs (Treasury Investment Growth Receipts), and TRs (Treasury Receipts) are examples of derivative zeros.

STRIPPED GOVERNMENT SECURITIES. Stripped securities are created by separating the income and principal components of a debt instrument and selling them separately. A fund may purchase U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities), which 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 can also be stripped in this fashion and are eligible investments for the funds.

A fund 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, Money Market Portfolio must evaluate them as it would non-government securities pursuant to regulatory guidelines applicable to all money market funds. Money Market Portfolio 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.

STRIPPED MORTGAGE-BACKED SECURITIES are created when a U.S. government agency or a financial institution separates the interest and principal components of a mortgage-backed security and sells them as individual securities. The holder of the "principal-only" security (PO) receives the principal payments made by the underlying mortgage-backed security, while the holder of the "interest-only" security (IO) receives interest payments from the same underlying security.

The prices of stripped mortgage-backed securities may be particularly affected by changes in interest rates. As interest rates fall, prepayment rates tend to increase, which tends to reduce prices of IOs and increase prices of POs. Rising interest rates can have the opposite effect.

MORTGAGE-BACKED SECURITIES. The funds may purchase mortgage-backed securities issued by government and non-government entities such as banks, mortgage lenders, or other financial institutions. A mortgage-backed security is an obligation of the issuer backed by a mortgage or pool of mortgages or a direct interest in an underlying pool of mortgages. Some mortgage-backed securities, such as collateralized mortgage obligations or CMOs, make payments of both principal and interest at a variety of intervals; others make semiannual interest payments at a predetermined rate and repay principal at maturity (like a typical bond). Mortgage-backed securities are based on different types of mortgages including those on commercial real estate or residential properties. Other types of mortgage-backed securities will likely be developed in the future, and the funds may invest in them if FMR determines they are consistent with the funds' investment objective and policies.

The value of mortgage-backed securities may change due to shifts in the market's perception of issuers. In addition, regulatory or tax changes may adversely affect the mortgage securities market as a whole. Non-government mortgage-backed securities may offer higher yields than those issued by government entities, but also may be subject to greater price changes than government issues. Mortgage-backed securities are subject to prepayment risk. Prepayment, which occurs when unscheduled or early payments are made on the underlying mortgages, may shorten the effective maturities of these securities and may lower their total returns.

REAL ESTATE-RELATED INSTRUMENTS include real estate investment trusts, commercial and residential mortgage-backed securities, and real estate financings. Real estate-related instruments are sensitive to factors such as real estate values and property taxes, interest rates, cash flow of underlying real estate assets, overbuilding, and the management skill and creditworthiness of the issuer. Real estate-related instruments may also be affected by tax and regulatory requirements, such as those relating to the environment.

WARRANTS. Warrants are securities that give a fund the right to purchase equity securities from the issuer at a specific price (the strike price) for a limited period of time. The strike price of warrants typically is much lower than the current market price of the underlying securities, yet they are subject to similar price fluctuations. As a result, warrants may be more volatile investments than the underlying securities and may offer greater potential for capital appreciation as well as capital loss.

Warrants do not entitle a holder to dividends or voting rights with respect to the underlying securities and do not represent any rights in the assets if the issuing company. Also, the value of the warrant does not necessarily change with the value of the underlying securities and a warrant ceases to have value if it is not exercised prior to expiration date. These factors can make warrants more speculative than other types of investments.

SOVEREIGN DEBT OBLIGATIONS Overseas Portfolio may purchase sovereign debt instruments issued or guaranteed by foreign governments or their agencies, including debt of Latin American nations or other developing countries. Sovereign debt may be in the form of conventional securities or other types of debt instruments such as loans or loan participations. Sovereign debt of developing countries may involve a high degree of risk, and may be in default or present the risk of default. Governmental entities responsible for repayment of the debt may be unable or unwilling to repay principal and interest when due, and may require renegotiation or rescheduling of debt payments. In addition, prospects for repayment of principal and interest may depend on political as well as economic factors.

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.

A fund may enter into SHORT SALES with respect to stocks underlying its convertible security holdings. For example, if FMR anticipates a decline in the price of the stock underlying a convertible security a fund holds, it may sell the stock short. If the stock price subsequently declines, the proceeds of the short sale could be expected to offset all or a portion of the effect of the stock's decline on the value of the convertible security. Each fund currently intends to hedge no more than 15% of its total assets with short sales on equity securities underlying its convertible security holdings under normal circumstances.

When a fund enters into a short sale, it will be required to set aside securities equivalent in kind and amount to those sold short (or securities convertible or exchangeable into such securities) and will be required to hold them aside while the short sale is outstanding. A fund will incur transaction costs, including interest expense, in connection with opening, maintaining, and closing short sales.

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. Interfund loans and borrowings normally will extend overnight, but can have a maximum duration of seven days. Loans may be called on one day's notice. The funds 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), and will borrow through the program only when the costs are equal to or lower than the cost of bank loans. The funds may have to borrow from a bank at a higher interest rate if an interfund loan is called or not renewed. Any delay in repayment to a lending fund could result in a lost investment opportunity or additional borrowing costs.

FOREIGN INVESTMENTS. Investing in securities issued by companies or other issuers whose principal activities are outside the United States may involve significant risks in addition to the risks inherent in U.S. investments. The value of securities denominated in foreign currencies and of dividends and interest paid with respect to such securities will fluctuate based on the relative strength of the U.S. dollar. In addition, there is generally less publicly available information about foreign issuers' financial condition and operations, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Foreign issuers are generally not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to U.S. issuers. Further, economies of particular countries or areas of the world may differ favorably or unfavorably from the economy of the United States.

Investing abroad also involves different political and economic risks. Foreign investments may be affected by actions of foreign governments adverse to the interests of U.S. investors, including the possibility of expropriation or nationalization of assets, confiscatory taxation, restrictions on U.S. investment or on the ability to repatriate assets or convert currency into U.S. dollars, or other government intervention. There may be a greater possibility of default by foreign governments or foreign government-sponsored enterprises. Investments in foreign countries also involve a risk of local political, economic, or social instability, military action or unrest, or adverse diplomatic developments. There is no assurance that FMR will be able to anticipate these potential events or counter their effects. The considerations noted above generally are intensified for investments in developing countries. Developing countries may have relatively unstable governments, economies based on only a few industries, and securities markets that trade a small number of securities. Foreign markets may offer less protection to investors than U.S. markets. It is anticipated that in most cases the best available market for foreign securities will be on exchanges or in over-the-counter markets located outside of the United States. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. issuers. Foreign security trading practices, including those involving securities settlement where fund assets may be released prior to receipt of payment, may expose a fund to increased risk in the event of a failed trade or the insolvency of a foreign broker-dealer, and may involve substantial delays. In addition, the costs of foreign investing, including withholding taxes, brokerage commissions and custodial costs, are generally higher than for U.S. investors. In general, there is less overall governmental supervision and regulation of securities exchanges, brokers, and listed companies than in the United States. It may also be difficult to enforce legal rights in foreign countries.

A fund may invest in foreign securities that impose restrictions on transfer within the United States or to U.S. persons. Although securities subject to such transfer restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions.

A fund may invest in American Depository Receipts and European Depository Receipts (ADRs and EDRs), which are certificates evidencing ownership of shares of a foreign-based issuer held in trust by a bank or similar financial institution. Designed for use in the U.S. and European securities markets, respectively, ADRs and EDRs are alternatives to the purchase of the underlying securities in their national markets and currencies.

FOREIGN CURRENCY TRANSACTIONS. (excludes Money Market Portfolio) The funds may conduct foreign currency transactions on a spot (i.e., cash) basis or by entering into forward contracts to purchase or sell foreign currencies at a future date and price. The funds will convert currency on a spot basis from time to time, and investors should be aware of the costs of currency conversion. Although foreign exchange dealers generally do not charge a fee for conversion, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the fund at one rate, while offering a lesser rate of exchange should the fund desire to resell that currency to the dealer. Forward contracts are generally traded in an interbank market conducted directly between currency traders (usually large commercial banks) and their customers. The parties to a forward contract may agree to offset or terminate the contract before its maturity, or may hold the contract to maturity and complete the contemplated currency exchange.

Each fund may use currency forward contracts for any purpose consistent with its investment objective. The following discussion summarizes the principal currency management strategies involving forward contracts that could be used by each fund. The funds may also use swap agreements, indexed securities, and options and futures contracts relating to foreign currencies for the same purposes.

When a fund agrees to buy or sell a security denominated in a foreign currency, it may desire to "lock in" the U.S. dollar price of the security. By entering into a forward contract for the purchase or sale, for a fixed amount of U.S. dollars, of the amount of foreign currency involved in the underlying security transaction, the fund will be able to protect itself against an adverse change in foreign currency values between the date the security is purchased or sold and the date on which payment is made or received. This technique is sometimes referred to as a "settlement hedge" or "transaction hedge." The funds may also enter into forward contracts to purchase or sell a foreign currency in anticipation of future purchases or sales of securities denominated in foreign currency, even if the specific investments have not yet been selected by FMR.

The funds may also use forward contracts to hedge against a decline in the value of existing investments denominated in foreign currency. For example, if a fund owned securities denominated in pounds sterling, it could enter into a forward contract to sell pounds sterling in return for U.S. dollars to hedge against possible declines in the pound's value. Such a hedge, sometimes referred to as a "position hedge," would tend to offset both positive and negative currency fluctuations, but would not offset changes in security values caused by other factors. A fund could also hedge the position by selling another currency expected to perform similarly to the pound sterling - for example, by entering into a forward contract to sell Deutschemarks or European Currency Units in return for U.S. dollars. This type of hedge, sometimes referred to as a "proxy hedge," could offer advantages in terms of cost, yield, or efficiency, but generally would not hedge currency exposure as effectively as a simple hedge into U.S. dollars. Proxy hedges may result in losses if the currency used to hedge does not perform similarly to the currency in which the hedged securities are denominated.

Each fund may enter into forward contracts to shift its investment exposure from one currency into another. This may include shifting exposure from U.S. dollars to a foreign currency, or from one foreign currency to another foreign currency. For example, if a fund held investments denominated in Deutschemarks, the fund could enter into forward contracts to sell Deutschemarks and purchase Swiss Francs. This type of strategy, sometimes known as a "cross-hedge," will tend to reduce or eliminate exposure to the currency that is sold, and increase exposure to the currency that is purchased, much as if the fund had sold a security denominated in one currency and purchased an equivalent security denominated in another. Cross-hedges protect against losses resulting from a decline in the hedged currency, but will cause the fund to assume the risk of fluctuations in the value of the currency it purchases.

Under certain conditions, SEC guidelines require mutual funds to set aside appropriate liquid assets in a segregated custodial account to cover currency forward contracts. As required by SEC guidelines, the funds will segregate assets to cover currency forward contracts, if any, whose purpose is essentially speculative. The funds will not segregate assets to cover forward contracts entered into for hedging purposes, including settlement hedges, position hedges, and proxy hedges.

Successful use of currency management strategies will depend on FMR's skill in analyzing and predicting currency values. Currency management strategies may substantially change a fund's investment exposure to changes in currency exchange rates, and could result in losses to the fund if currencies do not perform as FMR anticipates. For example, if a currency's value rose at a time when FMR had hedged a fund by selling that currency in exchange for dollars, the fund would be unable to participate in the currency's appreciation. If FMR hedges currency exposure through proxy hedges, a fund could realize currency losses from the hedge and the security position at the same time if the two currencies do not move in tandem. Similarly, if FMR increases a fund's exposure to a foreign currency, and that currency's value declines, the fund will realize a loss. There is no assurance that FMR's use of currency management strategies will be advantageous to the funds or that it will hedge at an appropriate time.

LIMITATIONS ON FUTURES AND OPTIONS TRANSACTIONS. (excludes Money Market Portfolio) Each fund has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" with the Commodity Futures Trading Commission (CFTC) and the National Futures Association, which regulate trading in the futures markets. The funds intend to comply with Rule 4.5 under the Commodity Exchange Act, which limits the extent to which a fund can commit assets to initial margin deposits and option premiums.

In addition, each fund (excluding Index 500 Portfolio) will not: (a) sell futures contracts, purchase put options, or write call options if, as a result, more than 25% of the fund's total assets would be hedged with futures and options under normal conditions; (b) purchase futures contracts or write put options if, as a result, the fund's total obligations upon settlement or exercise of purchased futures contracts and written put options would exceed 25% of its total assets; or (c) purchase call options if, as a result, the current value of option premiums for call options purchased by the fund would exceed 5% of the fund's total assets. These limitations do not apply to options attached to or acquired or traded together with their underlying securities, and do not apply to securities that incorporate features similar to options.

For Index 500 Portfolio, FMR also intends to follow certain other limitations on the fund's futures and options activities. Under normal conditions, the fund will not enter into any futures contract or option if, as a result, the sum of (i) the current value of assets hedged in the case of strategies involving the sale of securities, and (ii) the current value of the indices or other instruments underlying the fund's other futures or options positions, would exceed 35% of the fund's total assets. These limitations do not apply to options attached to, or acquired or traded together with their underlying securities, and do not apply to securities that incorporate features similar to options.

The above limitations on the funds' investments in futures contracts and options, and the funds' policies regarding futures contracts and options discussed elsewhere in this Statement of Additional Information may be changed as regulatory agencies permit.

FUTURES CONTRACTS. When a fund purchases a futures contract, it agrees to purchase a specified underlying instrument at a specified future date. When a fund sells a futures contract, it agrees to sell the underlying instrument at a specified future date. The price at which the purchase and sale will take place is fixed when a fund enters into the contract. Some currently available futures contracts are based on specific securities, such as U.S. Treasury bonds or notes, and some are based on indices of securities prices, such as the Standard & Poor's Composite Index of 500 Stocks (S&P 500). Futures can be held until their delivery dates, or can be closed out before then if a liquid secondary market is available.

The value of a futures contract tends to increase and decrease in tandem with the value of its underlying instrument. Therefore, purchasing futures contracts will tend to increase a fund's exposure to positive and negative price fluctuations in the underlying instrument, much as if it had purchased the underlying instrument directly. When a fund sells a futures contract, by contrast, the value of its futures position will tend to move in a direction contrary to the market. Selling futures contracts, therefore, will tend to offset both positive and negative market price changes, much as if the underlying instrument had been sold.

FUTURES MARGIN PAYMENTS. The purchaser or seller of a futures contract is not required to deliver or pay for the underlying instrument unless the contract is held until the delivery date. However, both the purchaser and seller are required to deposit "initial margin" with a futures broker, known as a futures commission merchant (FCM), when the contract is entered into. Initial margin deposits are typically equal to a percentage of the contract's value. If the value of either party's position declines, that party will be required to make additional "variation margin" payments to settle the change in value on a daily basis. The party that has a gain may be entitled to receive all or a portion of this amount. Initial and variation margin payments do not constitute purchasing securities on margin for purposes of a fund's investment limitations. In the event of the bankruptcy of an FCM that holds margin on behalf of a fund, the fund may be entitled to return of margin owed to it only in proportion to the amount received by the FCM's other customers, potentially resulting in losses to the fund.

PURCHASING PUT AND CALL OPTIONS. By purchasing a put option, a fund obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the fund pays the current market price for the option (known as the option premium). Options have various types of underlying instruments, including specific securities, indices of securities prices, and futures contracts. The fund may terminate its position in a put option it has purchased by allowing it to expire or by exercising the option. If the option is allowed to expire, the fund will lose the entire premium it paid. If the fund exercises the option, it completes the sale of the underlying instrument at the strike price. A fund may also terminate a put option position by closing it out in the secondary market at its current price, if a liquid secondary market exists.

The buyer of a typical put option can expect to realize a gain if security prices fall substantially. However, if the underlying instrument's price does not fall enough to offset the cost of purchasing the option, a put buyer can expect to suffer a loss (limited to the amount of the premium paid, plus related transaction costs).

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A call buyer typically attempts to participate in potential price increases of the underlying instrument with risk limited to the cost of the option if security prices fall. At the same time, the buyer can expect to suffer a loss if security prices do not rise sufficiently to offset the cost of the option.

WRITING PUT AND CALL OPTIONS. When a fund writes a put option, it takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the fund assumes the obligation to pay the strike price for the option's underlying instrument if the other party to the option chooses to exercise it. When writing an option on a futures contract, the fund will be required to make margin payments to an FCM as described above for futures contracts. A fund may seek to terminate its position in a put option it writes before exercise by closing out the option in the secondary market at its current price. If the secondary market is not liquid for a put option the fund has written, however, the fund must continue to be prepared to pay the strike price while the option is outstanding, regardless of price changes, and must continue to set aside assets to cover its position.

If security prices rise, a put writer would generally expect to profit, although its gain would be limited to the amount of the premium it received. If security prices remain the same over time, it is likely that the writer will also profit, because it should be able to close out the option at a lower price. If security prices fall, the put writer would expect to suffer a loss. This loss should be less than the loss from purchasing the underlying instrument directly, however, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates a fund to sell or deliver the option's underlying instrument, in return for the strike price, upon exercise of the option. The characteristics of writing call options are similar to those of writing put options, except that writing calls generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer mitigates the effects of a price decline. At the same time, because a call writer must be prepared to deliver the underlying instrument in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in security price increases.

COMBINED POSITIONS. A fund may purchase and write options in combination with each other, or in combination with futures or forward contracts, to adjust the risk and return characteristics of the overall position. For example, a fund may purchase a put option and write a call option on the same underlying instrument, in order to construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, in order to reduce the risk of the written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

CORRELATION OF PRICE CHANGES. Because there are a limited number of types of exchange-traded options and futures contracts, it is likely that the standardized contracts available will not match a fund's current or anticipated investments exactly. The funds may invest in options and futures contracts based on securities with different issuers, maturities, or other characteristics from the securities in which they typically invest, which involves a risk that the options or futures position will not track the performance of a fund's other investments.

Options and futures prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match a fund's investments well. Options and futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the options and futures markets and the securities markets, from structural differences in how options and futures and securities are traded, or from imposition of daily price fluctuation limits or trading halts. A fund may purchase or sell options and futures contracts with a greater or lesser value than the securities it wishes to hedge or intends to purchase in order to attempt to compensate for differences in volatility between the contract and the securities, although this may not be successful in all cases. If price changes in a fund's options or futures positions are poorly correlated with its other investments, the positions may fail to produce anticipated gains or result in losses that are not offset by gains in other investments.

LIQUIDITY OF OPTIONS AND FUTURES CONTRACTS. There is no assurance a liquid secondary market will exist for any particular options or futures contract at any particular time. Options may have relatively low trading volume and liquidity if their strike prices are not close to the underlying instrument's current price. In addition, exchanges may establish daily price fluctuation limits for options and futures contracts, and may halt trading if a contract's price moves upward or downward more than the limit in a given day. On volatile trading days when the price fluctuation limit is reached or a trading halt is imposed, it may be impossible for a fund to enter into new positions or close out existing positions. If the secondary market for a contract is not liquid because of price fluctuation limits or otherwise, it could prevent prompt liquidation of unfavorable positions, and potentially could require a fund to continue to hold a position until delivery or expiration regardless of changes in its value. As a result, a fund's access to other assets held to cover its options or futures positions could also be impaired.

OTC OPTIONS. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter (OTC) options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows the funds greater flexibility to tailor an option to its needs, OTC options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

OPTIONS AND FUTURES RELATING TO FOREIGN CURRENCIES. Currency futures contracts are similar to forward currency exchange contracts, except that they are traded on exchanges (and have margin requirements) and are standardized as to contract size and delivery date. Most currency futures contracts call for payment or delivery in U.S. dollars. The underlying instrument of a currency option may be a foreign currency, which generally is purchased or delivered in exchange for U.S. dollars, or may be a futures contract. The purchaser of a currency call obtains the right to purchase the underlying currency, and the purchaser of a currency put obtains the right to sell the underlying currency.

ASSET COVERAGE FOR FUTURES AND OPTIONS POSITIONS. The funds will comply with guidelines established by the SEC with respect to coverage of options and futures strategies by mutual funds, and if the guidelines so require will set aside appropriate liquid assets in a segregated custodial account in the amount prescribed. Securities held in a segregated account cannot be sold while the futures or option strategy is outstanding, unless they are replaced with other suitable assets. As a result, there is a possibility that segregation of a large percentage of a fund's assets could impede portfolio management or the fund's ability to meet redemption requests or other current obligations.

PORTFOLIO TRANSACTIONS

All orders for the purchase or sale of portfolio securities are placed on behalf of each fund by FMR pursuant to authority contained in the management contract. If FMR grants investment management authority to the sub-advisers (see the section entitled "Management Contracts"), the sub-advisers are authorized to place orders for the purchase and sale of portfolio securities, and will do so in accordance with the policies described below. 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. In selecting broker-dealers, subject to applicable limitations of the federal securities laws, FMR considers 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. Commissions for foreign investments traded on foreign exchanges generally will be higher than for U.S. investments and may not be subject to negotiation.

Each fund may execute portfolio transactions with broker-dealers who provide research and execution services to a fund 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 a fund's money market securities are placed with 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 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) in accordance with a ranking of broker-dealers determined periodically by FMR's investment staff 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, such 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 the 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 each fund 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 funds 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 Fidelity Brokerage Services, Ltd. (FBSL), subsidiaries of FMR Corp., if the commissions are fair, reasonable, and comparable to commissions charged by non-affiliated, qualified brokerage firms for similar services. Prior to September 4, 1992, FBSL operated under the name Fidelity Portfolio Services, Ltd. (FPSL) as a wholly owned subsidiary of Fidelity International Limited (FIL). Edward C. Johnson 3d is Chairman of FIL. Mr. Johnson 3d, Johnson family members, and various trusts for the benefit of the Johnson family own, directly or indirectly, more than 25% of the voting common stock of FIL.

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, unless certain requirements are satisfied. Pursuant to such requirements, the Board of Trustees has authorized FBSI to execute portfolio transactions on national securities exchanges in accordance with approved procedures and applicable SEC rules.

Each fund's 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 each fund over representative periods of time to determine if they are reasonable in relation to the benefits to the fund.

Because a high turnover rate increases brokerage costs, FMR carefully weighs the added costs of short-term investment against anticipated gain. For fiscal years ended December 31, each fund had the following turnover rates:

	HIGH	EQUITY-			INVESTMENT	ASSET	
YEAR	INCOME	INCOME	GROWTH	OVERSEAS	GRADE BOND	MANAGER	INDEX 500

1994	122%	134%	122%	42%	143%	85%	2%
1993	155%	120%	159%	42%	70%	113%	9%

BROKERAGE COMMISSIONS. The following lists the percentage of the brokerage commissions paid to brokerage firms which provided research services; the total brokerage commissions paid; the commissions paid to FBSI and FBSL in dollars and as a percentage of the dollar value of all transactions in which brokerage commissions were paid for the fiscal periods ended December 31, 1994, 1993 and 1992 for each of the funds. No commissions were paid by Money Market and Investment Grade Bond Portfolios. The funds pay both commissions and spreads in connection with the placement of portfolio transactions. The difference in the percentage of brokerage commissions paid to, and the percentage of the dollar amount of transactions effected through FBSI and FBSL, are mainly due to the results of the low commission rates charged by FBSI and FBSL.

HIGH INCOME PORTFOLIO

<TABLE>
<CAPTION>

<S> Period Ended	<C> TOTAL	<C> % Paid to Firms Providing Research	<C> To FBSI	<C> To FBSL	<C> % to FBSI	<C> % to FBSL	<C> % Transactions through FBSI	<C> % Transactions through FBSL
1994	$135,013	98%	$24,140	$0	18%	0%	29%	0%
1993	25,198	99	0	0	0	0	0	0
1992	9,568	100	7	0	0	0	0	0

</TABLE>

EQUITY-INCOME PORTFOLIO

<TABLE>
<CAPTION>

<S> Period Ended	<C> TOTAL	<C> % Paid to Firms Providing Research	<C> To FBSI	<C> To FBSL	<C> % to FBSI	<C> % to FBSL	<C> % Transactions through FBSI	<C> % Transactions through FBSL
1994	$4,893,684	95%	$1,717,630	$116,658	35%	2%	46%	1%
1993	2,658,979	68	712,270	51,049	27	2	42	0
1992	752,271	65	263,440	0	35	0	46	0

</TABLE>

GROWTH PORTFOLIO

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<S> Period Ended	<C> TOTAL	<C> % Paid to Firms Providing Research	<C> To FBSI	<C> To FBSL	<C> % to FBSI	<C> % to FBSL	<C> % Transactions through FBSI	<C> % Transactio ns through FBSL
1994	$3,120,411	97%	$956,332	$0	31%	0%	44%	0%
1993	2,137,399	49	750,137	0	35	0	48	0
1992	2,073,624	59	599,019	0	29	0	37	0

</TABLE>

OVERSEAS PORTFOLIO

<TABLE>
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<S>	<C>	<C> % Paid to Firms	<C>	<C>	<C>	<C>	<C> % Transactions	<C> % Transactions

Period Providing To % to through through

Ended TOTAL Research To FBSI FBSL % to FBSI FBSL FBSI FBSL

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1994	$2,985,961	90%	$1,605	$255,413	0%	9%	0%	11%
1993	1,541,385	92	3,119	13,077	0	1	1	0
1992	602,862	85	0	4,314	0	1	0	1

ASSET MANAGER PORTFOLIO

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<S> <C> <C> <C> <C> <C> <C> <C> <C>
% Paid to % %
Firms Transactions Transactions

Period Providing To To % to through through

Ended TOTAL Research FBSI FBSL % to FBSI FBSL FBSI FBSL

</TABLE>

1994	$3,316,118	92%	$583,097	$107,280	18%	3%	32%	3%
1993	2,839,401	73	398,687	43,172	14	2	29	0
1992	544,613	68	100,724	179	19	0	28	0

INDEX 500 PORTFOLIO

<TABLE>
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<S> <C> <C> <C> <C> <C> <C> <C> <C>
% Paid to % %
Firms Transactions Transactions

Period Providing To To % to through through

Ended TOTAL Research FBSI FBSL % to FBSI FBSL FBSI FBSL

</TABLE>

1994	$10,286	1%	$17	$0	0%	0%	0%	0%
1993	3,870	4	123	0	3	0	3	0
1992	5,980	0	112	0	2	0	2	0

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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. Each fund seeks 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 each fund to seek such recapture.

Although the Trustees and officers of each fund 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 and accounts are managed by the same investment adviser, particularly when the same security is suitable for the investment objective of more than one fund or account.

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 procedures believed to be appropriate and equitable for each fund. In some cases this system could have a detrimental effect on the price or value of the security as far as each fund is concerned. In other cases, however, the ability of the funds to participate in volume transactions will produce better executions and prices for the funds. It is the current opinion of the Trustees that the desirability of retaining FMR as investment adviser to each fund outweighs any disadvantages that may be said to exist from exposure to simultaneous transactions.

VALUATION OF PORTFOLIO SECURITIES

MONEY MARKET PORTFOLIO

The 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 the fund would receive if it sold the instrument.

Valuing the 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 1940 Act. The fund must adhere to certain conditions under Rule 2a-7.

The Board of Trustees of the trust oversees FMR's adherence to SEC rules concerning money market funds, and has established procedures designed to stabilize the fund's net asset value (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 the 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, the fund's yield based on amortized cost may be higher than the yield based on market valuations. Under these circumstances, a shareholder of the fund would be able to obtain a somewhat higher yield than would result if the fund utilized market valuations to determine its NAV. The converse would apply in a period of rising interest rates.

INVESTMENT GRADE BOND AND HIGH INCOME PORTFOLIOS

Securities and other assets for which market quotations are readily available are valued at market values determined by their most recent bid prices (sales prices if the principal market is an exchange) in the principal market in which such securities normally are traded. Securities and other assets for which market quotations are not readily available (including restricted securities, if any) are appraised at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees.

Securities may also be valued on the basis of valuations furnished by a pricing service that uses both dealer-supplied valuations and evaluations based on expert analysis of market data and other factors if such valuations are believed to reflect more accurately the fair value of such securities. Use of a pricing service has been approved by the Board of Trustees. There are a number of pricing services available, and the Trustees, or officers acting on behalf of the Trustees, on the basis of ongoing evaluation of these pricing services, may use other pricing services or may discontinue the use of any pricing service in whole or in part.

Securities not valued by the pricing service, and for which quotations are readily available, are valued at market values determined on the basis of their latest available bid prices as furnished by recognized dealers in such securities. Futures contracts and options are valued on the basis of market quotations, if available.

EQUITY-INCOME, GROWTH, OVERSEAS, ASSET MANAGER, CONTRAFUND ASSET MANAGER: GROWTH AND INDEX 500 PORTFOLIOS

Portfolio securities are valued by various methods depending on the primary market or exchange on which they trade. Most equity securities for which the primary market is the U.S. are valued at last sale price or, if no sale has occurred, at the closing bid price. Most equity securities for which the primary market is outside the U.S. are valued using the official closing price or the last sale price in the principal market where they are traded. If the last sale price (on the local exchange) is unavailable, the last evaluated quote or last bid price is normally used. Short-term securities are valued either at amortized cost or at original cost plus accrued interest, both of which approximate current value. Convertible securities and fixed-income securities are valued primarily by a pricing service that uses a vendor security valuation matrix which incorporates both dealer-supplied valuations and electronic data processing techniques. This two-fold approach is believed to more accurately reflect fair value because it takes into account appropriate factors such as institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data, without exclusive reliance upon quoted, exchange, or over-the counter prices. Use of pricing services has been approved by the Board of Trustees.

Securities and other assets for which there is no readily available market are valued in good faith by a committee appointed by the Board of Trustees. The procedures set forth above need not be used to determine the value of the securities owned by the fund if, in the opinion of a committee appointed by the Board of Trustees, some other method (e.g., closing over-the-counter bid prices in the case of debt instruments traded on an exchange) would more accurately reflect the fair market value of such securities.

Generally, the valuation of foreign and domestic equity securities, as well as corporate bonds, U.S. government securities, money market instruments, and repurchase agreements, is substantially completed each day at the close of the NYSE. The values of any such securities held by the fund are determined as of such time for the purpose of computing the fund's net asset value. Foreign security prices are furnished by independent brokers or quotation services which express the value of securities in their local currency. Fidelity Service Company (FSC) gathers all exchange rates daily at the close of the NYSE using the last quoted price on the local currency and then translates the value of foreign securities from their local currency into U.S. dollars. Any changes in the value of forward contracts due to exchange rate fluctuations and days to maturity are included in the calculation of net asset value. If an extraordinary event that is expected to materially affect the value of a portfolio security occurs after the close of an exchange on which that security is traded, then the security will be valued as determined in good faith by a committee appointed by the Board of Trustees.

PERFORMANCE

A fund may quote performance in various ways. All performance information supplied by a fund in advertising is historical and is not intended to indicate future returns. The funds' share price, total return (excluding Money Market Portfolio) and yield will fluctuate in response to market conditions and other factors, and the value of fund shares when redeemed may be more or less than their original cost.

YIELD CALCULATION (MONEY MARKET PORTFOLIO). To compute the 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 one 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. The fund also may calculate an effective yield by compounding the base period return over a one-year period. In addition to the current yield, the fund may quote yields in advertising based on any historical seven-day period. Yields for the fund are calculated on the same basis as other money market funds, as required by applicable regulations.

YIELD CALCULATIONS (EXCLUDING MONEY MARKET PORTFOLIO). Yields for a fund are computed by dividing the fund's interest and dividend income for a given 30-day or one-month period, net of expenses, by the average number of shares entitled to receive distributions during the period, dividing this figure by the fund's net asset value (NAV) at the end of the period, and annualizing the result (assuming compounding of income) in order to arrive at an annual percentage rate. Income is calculated for purposes of yield quotations in accordance with standardized methods applicable to all stock and bond funds. Dividends from equity investments are treated as if they were accrued on a daily basis, solely for the purposes of yield calculations. In general, interest income is reduced with respect to bonds trading at a premium over their par value by subtracting a portion of the premium from income on a daily basis, and is increased with respect to bonds trading at a discount by adding a portion of the discount to daily income. For a fund's investments denominated in foreign currencies, income and expenses are calculated first in their respective currencies, and are then converted to U.S. dollars, either when they are actually converted or at the end of the 30-day or one month period, whichever is earlier. Capital gains and losses generally are excluded from the calculation as are gains and losses from currency exchange rate fluctuations.

Yield information may be useful in reviewing the fund's performance and in providing a basis for comparison with other investment alternatives. However, a fund's yield fluctuates, unlike investments that pay a fixed interest rate over a stated period of time. When comparing investment alternatives, investors should also note the quality and maturity of the portfolio securities of respective investment companies they have chosen to consider.

Investors should recognize that in periods of declining interest rates a fund's yield will tend to be somewhat higher than prevailing market rates, and in periods of rising interest rates a fund's yield 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 fund's holdings, thereby reducing the fund's current yield. 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 return, including the effect of reinvesting dividends and capital gain distributions, and any change in the fund's NAV over a stated period. Average annual total 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 period. For example, a cumulative total return of 100% over ten years would produce an average annual return of 7.18%, which is the steady annual rate of return that would equal 100% growth on a compounded basis in ten years. Average annual returns covering periods of less than one year are calculated by determining a fund's total return for the period, extending that return for a full year (assuming that return remains constant over the year), and quoting the result as an annual return. 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 returns represent averaged figures as opposed to the actual year-to-year performance of the fund.
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) in order to illustrate the relationship of these factors and their contributions to total return. Total returns may be quoted on a before-tax or after-tax basis. Total returns, yields, and other performance information may be quoted numerically or in a table, graph, or similar illustration.
NET ASSET VALUE. Charts and graphs using a fund's net asset values, adjusted net asset values, and benchmark indices may be used to exhibit performance. An adjusted NAV includes any distributions paid by a fund and reflects all elements of its return. Unless otherwise indicated, a fund's adjusted NAVs are not adjusted for sales charges, if any.
MOVING AVERAGES. A fund may illustrate performance using moving averages. A long-term moving average is the average of each week's adjusted closing NAV for a specified period. A short-term moving average is the average of each day's adjusted closing NAV for a specified period. Moving Average Activity Indicators combine adjusted closing NAVs from the last business day of each week with moving averages for a specified period to produce indicators showing when an NAV has crossed, stayed above, or stayed below its moving average. On December 30, 1994, the 13-week and 39-week long-term moving averages were $15.42 and $15.07, for Equity-Income, $21.29 and $20.84 for Growth, $15.86 and $16.07 for Overseas, $14.09 and $14.09 for Asset Manager and $56.13 and $55.47 for Index 500 Portfolios, respectively.

<TABLE>
<CAPTION>

		Average Annual Total Returns			Cumulative Total Returns		
AS OF 12/31/94	Yields	One Year	Five Years	Life of Fund*	One Year	Five Years	Life of Fund*
Money Market Portfolio	7-day 5.62%	4.25%	5.09%	6.31%*	4.25%	28.16%	84.38%*
High Income Portfolio	30-day 10.28%	-1.64%	14.01%	10.88%	-1.64%	92.63%	161.12%
Equity-Income Portfolio	N.A.	7.07%	10.51%	10.94%	7.07%	64.83%	135.13%
Growth Portfolio	N.A.	-0.02%	10.88%	12.55%	-0.02%	67.57%	164.85%
Overseas Portfolio	N.A.	1.72%	5.79%	7.01%	1.72%	32.47%	71.16%
Investment Grade Bond Portfolio	30-day 6.96%	-3.76%	7.08%	7.60%	-3.76%	40.79%	56.04%
Asset Manager Portfolio	N.A.	-6.09%	10.71%	10.20%	-6.09%	66.35%	67.70%
Index 500 Portfolio	N.A.	1.04%	N.A.	7.26%	1.04%	N.A.	17.87%

</TABLE>

If FMR had not reimbursed certain fund expenses during certain of these periods, the total returns would have been lower.
* 10-year return for Money Market Portfolio; High Income Portfolio commenced operations September 19, 1985; Equity-Income and Growth Portfolios commenced operations October 9, 1986; Overseas Portfolio commenced operations January 28, 1987; Investment Grade Bond Portfolio commenced operations December 5, 1988; Asset Manager Portfolio commenced operations September 6, 1989; and Index 500 Portfolio commenced operations August 27, 1992.
The following charts show the income and capital elements of each fund's

total return from the date it commenced operations through the year ended December 31, 1994. The charts compare the funds' returns to the record of the Standard & Poor's 500 Composite Stock Price Index (S&P), the Dow Jones Industrial Average (DJIA), the cost of living (measured by the Consumer Price Index, or CPI) over the same period, and (for Asset Manager Portfolio) a benchmark "Fidelity Composite Index" (created by FMR), over the same period. The Fidelity Composite Index is a hypothetical historical representation which simulates Asset Manager Portfolio's neutral mix (20% money market instruments, 40% bonds, and 40% stocks) by combining the following indices based on their weighting in the neutral mix: the Salomon Brothers 3-month T-Bill Total Rate of Return Index, representing the average of T-Bill rates for each of the prior three months, adjusted to a bond equivalent yield basis (money market); the Lehman Brothers Treasury Bond Index, a widely utilized benchmark of bond market performance which includes virtually all long-term public obligations of the U.S. Treasury (bonds); and the S&P 500 (a registered trademark of Standard & Poor's Corporation), which represents common stock prices (stocks).
The comparison to the S&P shows how the funds' total returns compared to the record of a broad average of common stock prices, and the comparison to the DJIA shows how the funds' total returns compared to the record of a narrower set of stocks of major industrial companies. Each fund has the ability to invest in securities not included in either index, and its investment portfolio may or may not be similar in composition to the indices. The S&P and DJIA comparisons for Money Market, Investment Grade Bond and High Income Portfolios are provided to show how each fund's return compared to the return of common stocks over the same period. Of course, since Money Market, Investment Grade Bond and High Income Portfolios invest in fixed-income securities, common stocks represent a different type of investment from the fund. The indices do not include fixed-income securities. In general, common stocks generally offer greater potential growth a bond fund, but generally are more volatile in value and may offer greater potential for loss. In addition, common stocks generally provide lower income than a mutual fund which focuses on fixed-income securities. The S&P, DJIA and The Fidelity Composite Index 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.
MONEY MARKET PORTFOLIO During the ten year period ended December 31, 1994, a hypothetical $10,000 investment in Money Market would have grown to $18,438, assuming all distributions were reinvested. This was a period of fluctuating interest rates and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.
MONEY MARKET PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living
1994	$10,000	$8,438	$0	$18,438	$38,358	$44,527	$14,217
1993	$10,000	$7,687	$0	$17,687	$37,859	$42,418	$13,846
1992	$10,000	$7,133	$0	$17,133	$34,393	$36,257	$13,476
1991	$10,000	$6,490	$0	$16,490	$31,951	$33,791	$13,096
1990	$10,000	$5,543	$0	$15,543	$24,486	$27,176	$12,707
1989	$10,000	$4,387	$0	$14,387	$25,274	$27,323	$11,975
1988	$10,000	$3,185	$0	$13,185	$19,193	$20,737	$11,443
1987	$10,000	$2,278	$0	$12,278	$16,459	$17,889	$10,959
1986	$10,000	$1,535	$0	$11,535	$15,636	$16,967	$10,494
1985	$10,000	$811	$0	$10,811	$13,175	$13,356	$10,380

</TABLE>

Explanatory Notes: With an initial investment of $10,000 made on December 31, 1984, 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 $18,438. 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 $6,135. The fund did not distribute any capital gains during the period. Tax consequences of different investments have not been factored into the above figures.

HIGH INCOME PORTFOLIO During the period from September 19, 1985 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in High Income Portfolio would have grown to $26,112, assuming all distributions were reinvested. This was a period of fluctuating interest rates and bond prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.

HIGH INCOME PORTFOLIO INDICES

Year Ended	Value of Initial $10,000 Investment	Value of Reinvested Dividend Distributions	Value of Reinvested Capital Gain Distributions	Total Value	S&P 500	DJIA	Cost of Living**
1994	$10,750	$14,286	$1,076	$26,112	$34,242	$40,111	$13,823
1993	$11,990	$14,223	$333	$26,546	$33,797	$38,211	$13,463
1992	$10,820	$11,057	$172	$22,049	$30,702	$32,661	$13,102
1991	$9,550	$8,200	$152	$17,902	$28,522	$30,440	$12,733
1990	$7,070	$6,071	$112	$13,253	$21,859	$24,481	$12,355
1989	$8,110	$5,317	$129	$13,556	$22,562	$24,613	$11,644
1988	$9,660	$4,332	$154	$14,146	$17,133	$18,680	$11,127
1987	$9,680	$2,837	$154	$12,671	$14,693	$16,114	$10,656
1986	$10,830	$1,689	$0	$12,519	$13,958	$15,284	$10,203
1985*	$10,310	$328	$0	$10,638	$11,761	$12,031	$10,092

* From September 19, 1985 (commencement of operations).

** From month-end closest to initial investment date.

Explanatory Notes: With an initial investment of $10,000 made on September 19, 1985, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $23,926. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $8,240 for dividends and $580 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.

EQUITY-INCOME PORTFOLIO During the period from October 9, 1986 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Equity-Income Portfolio would have grown to $23,513, assuming all distributions were reinvested. This was a period of fluctuating interest rates, bond prices, and stock prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.

EQUITY-INCOME PORTFOLIO INDICES

Year Ended	Value of Initial $10,000 Investment	Value of Reinvested Dividend Distributions	Value of Reinvested Capital Gain Distributions	Total Value	S&P 500	DJIA	Cost of Living**

1994	$15,350	$6,059	$2,104	$23,513	$25,295	$27,809	$13,584
1993	$15,440	$5,529	$992	$21,961	$24,966	$26,491	$13,230
1992	$13,400	$4,304	$861	$18,565	$22,680	$22,644	$12,877
1991	$11,850	$3,272	$761	$15,883	$21,070	$21,104	$12,514
1990	$9,510	$1,963	$611	$12,084	$16,147	$16,972	$12,142
1989	$12,290	$1,682	$293	$14,265	$16,667	$17,064	$11,443
1988	$11,010	$979	$167	$12,156	$12,657	$12,951	$10,935
1987	$9,420	$344	$143	$9,907	$10,854	$11,172	$10,472
1986*	$10,020	$0	$0	$10,020	$10,311	$10,596	$10,027

</TABLE>

* From October 9, 1986 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on October 9, 1986, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $16,512. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $3,810 for dividends and $1,390 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.
GROWTH PORTFOLIO. During the period from October 9, 1986 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Growth Portfolio would have grown to $26,485, assuming all distributions were reinvested. This was a period of fluctuating stock prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.
GROWTH PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**
1994	$21,690	$1,590	$3,205	$26,485	$25,295	$27,809	$13,584
1993	$23,080	$1,546	$1,864	$26,490	$24,966	$26,491	$13,230
1992	$19,760	$1,202	$1,230	$22,192	$22,680	$22,644	$12,877
1991	$18,510	$1,075	$715	$20,300	$21,070	$21,104	$12,514
1990	$12,910	$541	$499	$13,950	$16,147	$16,972	$12,142
1989	$15,180	$400	$225	$15,805	$16,667	$17,064	$11,443
1988	$11,720	$124	$174	$12,018	$12,657	$12,951	$10,935
1987	$10,140	$108	$150	$10,398	$10,854	$11,172	$10,472
1986*	$10,030	$0	$0	$10,030	$10,311	$10,596	$10,027

</TABLE>

* From October 9, 1986 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on October 9, 1986, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $13,850. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $1,000 for dividends and $2,500 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.

OVERSEAS PORTFOLIO During the period from January 28, 1987 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Overseas Portfolio would have grown to $17,116, assuming all distributions were reinvested. This was a period of fluctuating stock prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.

OVERSEAS PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> EAFE Index	<C> Cost of Living**
1994	$15,670	$1,375	$71	$17,116	$21,653	$23,089	$17,201	$13,462
1993	$15,480	$1,276	$70	$16,826	$21,371	$21,996	$15,959	$13,112
1992	$11,530	$720	$0	$12,250	$19,414	$18,801	$12,039	$12,761
1991	$13,090	$631	$0	$13,721	$18,036	$17,522	$13,708	$12,401
1990	$12,420	$285	$0	$12,705	$13,822	$14,092	$12,225	$12,032
1989	$12,670	$250	$0	$12,920	$14,267	$14,168	$15,970	$11,340
1988	$10,110	$121	$0	$10,231	$10,834	$10,753	$14,448	$10,836
1987*	$9,350	$112	$0	$9,462	$9,291	$9,276	$11,263	$10,378

</TABLE>

* From January 28, 1987 (commencement of operations).
** From month-end closest to initial investment date.

Explanatory Notes: With an initial investment of $10,000 made on January 28, 1987, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $11,111. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $1,020 for dividends and $50 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.

INVESTMENT GRADE BOND PORTFOLIO During the period from December 5, 1988 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Investment Grade Bond Portfolio would have grown to $15,604, assuming all distributions were reinvested. This was a period of fluctuating interest rates and bond prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.

INVESTMENT GRADE BOND PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**

1994	$11,020	$4,243	$341	$15,604	$20,469	$22,314	$12,444
1993	$11,480	$4,420	$313	$16,213	$20,203	$21,257	$12,120
1992	$10,970	$3,418	$223	$14,611	$18,353	$18,170	$11,796
1991	$11,080	$2,596	$24	$13,700	$17,050	$16,934	$11,463
1990	$9,920	$1,831	$21	$11,772	$13,067	$13,619	$11,122
1989	$10,140	$921	$22	$11,083	$13,487	$13,692	$10,482
1988*	$10,000	$52	$0	$10,052	$10,242	$10,392	$10,017

</TABLE>

* From December 5, 1988 (commencement of operations).
** From month-end closest to initial investment date.
Explanatory Notes: With an initial investment of $10,000 made on December 5, 1988, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $14,424. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $3,474 for dividends and $270 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.
ASSET MANAGER PORTFOLIO During the period from September 6, 1989 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Asset Manager Portfolio would have grown to $16,770, assuming all distributions were reinvested. This was a period of fluctuating interest rates and bond prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.
ASSET MANAGER PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**	<C> Fidelity Composite Index***
1994	$13,790	$1,779	$1,201	$16,770	$15,372	$16,542	$12,014	$14,690
1993	$15,420	$1,642	$795	$17,857	$15,172	$15,758	$11,701	$14,679
1992	$13,320	$1,004	$406	$14,730	$13,783	$13,470	$11,388	$13,475
1991	$12,550	$610	$25	$13,185	$12,804	$12,554	$11,067	$12,615
1990	$10,240	$497	$21	$10,758	$9,813	$10,096	$10,738	$10,793
1989*	$9,970	$91	$20	$10,081	$10,128	$10,151	$10,120	$10,277

</TABLE>

* From September 6, 1989 (commencement of operations).
** From month-end closest to initial investment date.
*** From month-end following initial investment date. The money market, bond, and stock indices that compose the Fidelity Composite Index returned 4.24%, -3.38%, and 1.32%, respectively, during the 1994 fiscal year. These indices are unmanaged, include reinvestment of income and/or dividends, and are not indicative of the fund's past or future performance.
Explanatory Notes: With an initial investment of $10,000 made on September 6, 1989, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $12,742. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $1,460 for dividends and $1,060 for

capital gains distributions. Tax consequences of different investments have not been factored into the above figures.

INDEX 500 PORTFOLIO During the period from August 27, 1992 (commencement of operations) to December 31, 1994, a hypothetical $10,000 investment in Index 500 Portfolio would have grown to $11,787, assuming all distributions were reinvested. This was a period of fluctuating stock prices and the figures below should not be considered representative of the dividend income or capital gain or loss that could be realized from an investment in the fund today.

INDEX 500 PORTFOLIO INDICES

<TABLE>
<CAPTION>

<S> Year Ended	<C> Value of Initial $10,000 Investment	<C> Value of Reinvested Dividend Distributions	<C> Value of Reinvested Capital Gain Distributions	<C> Total Value	<C> S&P 500	<C> DJIA	<C> Cost of Living**
1994	$11,244	$363	$180	$11,787	$11,876	$12,618	$10,625
1993	$11,148	$360	$158	$11,666	$11,722	$12,021	$10,348
1992*	$10,520	$95	$16	$10,631	$10,648	$10,275	$10,071

</TABLE>

* From August 27, 1992 (commencement of operations).
** From month-end closest to initial investment date.

Explanatory Notes: With an initial investment of $10,000 made on August 27, 1992, 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 and capital gain distributions for the period covered (their cash value at the time they were reinvested), amounted to $10,530. If distributions had not been reinvested, the amount of distributions earned from the fund over time would have been smaller, and cash payments for the period would have amounted to $350 for dividends and $174 for capital gains distributions. Tax consequences of different investments have not been factored into the above figures.

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. In addition to the mutual fund rankings, a fund's performance may be compared to stock, bond, and money market mutual fund performance indices prepared by Lipper or other organizations. When comparing these indices, it is important to remember the risk and return characteristics of each type of investment. For example, while stock mutual funds may offer higher potential returns, they also carry the highest degree of share price volatility. Likewise, money market funds may offer greater stability of principal, but generally do not offer the higher potential returns from stock mutual funds.

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, a fund may quote Morningstar, Inc. in its advertising materials. Morningstar, Inc. of Chicago, Illinois, 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.

A fund may be compared in advertising to Certificates of Deposit (CDs) or other investments issued by banks or other depository institutions. Mutual funds differ from bank investments in several respects. For example, a fund may offer greater liquidity or higher potential returns than CDs, a fund does not guarantee your principal or your return, and fund shares are not FDIC insured.

Fidelity may provide information designed to help individuals understand their investment goals and explore various financial strategies. Such information may include information about current economic, market, and political conditions; materials that describe general principles of investing, such as asset allocation, diversification, risk tolerance, and goal setting; questionnaires designed to help create a personal financial profile; worksheets used to project savings needs based on assumed rates of inflation and hypothetical rates of return; and action plans offering investment alternatives. Materials may also include discussions of Fidelity's 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.

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 or other goals; charitable giving; and the Fidelity credit card. In addition, Fidelity may quote or reprint financial or business publications and periodicals, including model portfolios or allocations, as they relate to current economic and political conditions, fund management, portfolio composition, investment philosophy, investment techniques, the desirability of owning a particular mutual fund, and Fidelity services and products. 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(trademark) number, and CUSIP number, and discuss or quote its current portfolio manager.

VOLATILITY. A fund may quote various measures of volatility and benchmark correlation in advertising. In addition, the fund may compare these measures to those of other funds. Measures of volatility seek to compare the fund's historical share price fluctuations or total returns to those of a benchmark. Measures of benchmark correlation indicate how valid a comparative benchmark may be. All measures of volatility and correlation are calculated using averages of historical data. In advertising, a fund may also discuss or illustrate examples of interest rate sensitivity.

MOMENTUM INDICATORS indicate a fund's price movements over specific periods of time. Each point on the momentum indicator represents the fund's percentage change in price movements over that period.

The funds may advertise examples of the effects of periodic investment plans, including the principle of dollar cost averaging. In such a program, a policyowner invests a fixed dollar amount in an insurance company's sub-account at periodic intervals which in turn invests in a fund, thereby purchasing fewer units when prices are high and more units when prices are low. While such a strategy does not assure a profit nor guard against loss in a declining market, the policyowner's average cost per unit can be lower than if fixed numbers of units had been purchased at those intervals. In evaluating such a plan, policyowners should consider their ability to continue purchasing units through periods of low price levels.

As of December 31, 1994, FMR advised over $25 billion in tax-free fund assets, $55 billion in taxable money market fund assets, $165 billion in equity fund assets, $35 billion in international fund assets, and $20 billion in Spartan fund assets. The funds may reference the growth and variety of money market mutual funds and the adviser's innovation and participation in the industry. The equity funds under management figure represents the largest amount of equity fund assets under management by a mutual fund investment adviser in the United States, making FMR America's leading equity (stock) fund manager. FMR, its subsidiaries, and affiliates maintain a worldwide information and communications network for the purpose of researching and managing investments abroad.

Each fund is available only through the purchase of variable annuity and variable life insurance contracts offering deferral of income taxes on earnings, 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. Individuals holding shares of a fund through a variable annuity or variable life insurance contract may receive additional tax benefits from the deferral of income taxes associated with variable contracts. Individuals should consult their tax advisors to determine the effect of holding variable contracts on their individual tax situations.

YIELDS AND TOTAL RETURNS QUOTED FOR A FUND INCLUDE THE EFFECT OF DEDUCTING THE FUND'S EXPENSES, BUT MAY NOT INCLUDE CHARGES AND EXPENSES ATTRIBUTABLE TO ANY PARTICULAR INSURANCE PRODUCT. SINCE YOU CAN ONLY PURCHASE SHARES OF EACH FUND THROUGH A VARIABLE ANNUITY AND/OR A VARIABLE LIFE INSURANCE CONTRACT, YOU SHOULD CAREFULLY REVIEW THE PROSPECTUS OF THE INSURANCE PRODUCT YOU HAVE CHOSEN FOR INFORMATION ON RELEVANT CHARGES AND EXPENSES.

Excluding these charges from quotations of a fund's performance has the effect of increasing the performance quoted.

ADDITIONAL PURCHASE AND REDEMPTION INFORMATION

Each fund is open for business and its net asset value per share (NAV) is calculated each day the NYSE is open for trading. The NYSE has designated the following holiday closings for 1995: New Year's Day (observed), President's Day (observed), Good Friday, Memorial Day (observed), Independence Day (observed), Labor Day, Thanksgiving Day, and Christmas Day. 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, the fund's NAV may be affected on days when investors do not have access to the fund to purchase or redeem shares. In addition, trading in some of the fund's portfolio securities may not occur on days when a fund is open for business.

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 the 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.

TAXES

For a discussion of tax consequences of variable contracts, please refer to your insurance company's separate account prospectus.

Variable contracts purchased through insurance company separate accounts provide for the accumulation of all earnings from interest, dividends, and capital appreciation without current federal income tax liability to the owner. Depending on the variable contract, distributions from the contract may be subject to ordinary income tax and a 10% penalty tax on distributions before age 59 1/2. Only the portion of a distribution attributable to income is subject to federal income tax. Investors should consult with competent tax advisors for a more complete discussion of possible tax consequences in a particular situation.

Section 817(h) of the Internal Revenue Code provides that the investments of a separate account underlying a variable insurance contract (or the investments of a mutual fund, the shares of which are owned by the variable separate account) must be "adequately diversified" in order for the contract to be treated as an annuity or life insurance for tax purposes. The Treasury Department has issued regulations prescribing these diversification requirements. Each fund intends to comply with these requirements.

Each fund intends 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, each fund intends to distribute substantially all its net taxable income and net realized capital gains within each calendar year as well as on a fiscal year basis. Each fund also intends to comply with other tax rules applicable to regulated investment companies including a requirement that gross capital gains from selling securities held less than three months must constitute less than 30% of a fund's gross income for each fiscal year. Income and capital gain distributions are reinvested in additional shares of the fund. This is done to preserve the tax advantaged status of the variable contracts. Each fund is treated as a separate entity form the other funds of the trust it is associated with for tax purposes.

Money Market Portfolio may distribute any net realized short-term gains once each year, or more frequently if necessary, in order to maintain the fund's NAV at $1.00 per share and to comply with tax regulations.

MONEY MARKET PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $94,600 of which $4,100, $500, $4,900, $4,300 and $80,800 will expire on December 31, 1995, 1996, 1997, 2000 and 2002, respectively.

HIGH INCOME PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $1,407,000, all of which will expire on December 31, 2002.

GROWTH PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $68,037,000, all of which will expire on December 31, 2002.

INVESTMENT GRADE BOND PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $2,468,000, all of which will expire on December 31, 2002.

ASSET MANAGER PORTFOLIO - As of December 31, 1994, the fund had a capital loss carryforward of approximately $10,388,000, all of which will expire on December 31, 2002.

EQUITY-INCOME, OVERSEAS AND INDEX 500 PORTFOLIOS - As of December 31, 1994, each fund had no capital loss carryforward.

FMR

All of the stock of FMR is owned by FMR Corp., its parent company organized in 1972. Through ownership of voting common stock and the execution of a shareholders' voting agreement, Edward C. Johnson 3d, Johnson family members, and various trusts for the benefit of the Johnson family form a controlling group with respect to FMR Corp.

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; FIIOC, which performs shareholder servicing functions for institutional customers and funds sold through intermediaries; and Fidelity Investments Retail Marketing Company, which provides marketing services to various companies within the Fidelity organization.

Fidelity investment personnel may invest in securities for their own account pursuant to a code of ethics that sets forth all employees' fiduciary responsibilities regarding the funds, establishes procedures for personal investing and restricts certain transactions. For example, all personal trades in most securities require pre-clearance, and participation in initial public offerings is prohibited. In addition, restrictions on the timing of personal investing in relation to trades by Fidelity funds and on short-term trading have been adopted.

TRUSTEES AND OFFICERS

The Trustees and executive officers of each trust 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. 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 the trust or FMR are indicated by an asterisk (*).

*EDWARD C. JOHNSON 3d (64), 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 (53), 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 (62), 200 Rivercrest Drive, Fort Worth, TX, Trustee (1991), is a consultant to Western Mining Corporation (1994). Prior to February 1994, he was President of Greenhill Petroleum Corporation (petroleum exploration and production, 1990). Until March 1990, Mr. Cox was President and Chief Operating Officer of Union Pacific Resources Company (exploration and production). He is a Director of Sanifill Corporation (non-hazardous waste, 1993) 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 (63), P.O. Box 264, Bridgehampton, NY, Trustee (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 is a member of the President's Advisory Council of The University of Vermont School of Business Administration.

RICHARD J. FLYNN (71), 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 Trustee of College of the Holy Cross and Old Sturbridge Village, Inc.

E. BRADLEY JONES (67), 3881-2 Lander Road, Chagrin Falls, 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, 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, a Trustee and member of the Executive Committee of the Cleveland Clinic Foundation, a Trustee and member of the Executive Committee of University School (Cleveland), and a Trustee of Cleveland Clinic Florida.

DONALD J. KIRK (62), One Harborside, 680 Steamboat Road, Greenwich, CT, Trustee, is Executive-in-Residence (1995) at Columbia University Graduate School of Business and a financial consultant. From 1987 to January 1995, Mr. Kirk was a Professor at Columbia University Graduate School of Business. Prior to 1987, he was Chairman of the Financial Accounting Standards Board. Mr. Kirk is a Director of General Re Corporation (reinsurance) and Valuation Research Corp. (appraisals and valuations, 1993). In addition, he serves as Vice Chairman of the Board of Directors of the National Arts Stabilization Fund, Vice Chairman of the Board of Trustees of the Greenwich Hospital Association, and as a Member of the Public Oversight Board of the American Institute of Certified Public Accountants' SEC Practice Section (1995).

*PETER S. LYNCH (52), 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). 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 (65), 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), Commercial Intertech Corp. (water treatment equipment, 1992), and Associated Estates Realty Corporation (a real estate investment trust, 1993).

EDWARD H. MALONE (70), 5601 Turtle Bay Drive #2104, Naples, FL, Trustee. 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). In addition, he serves as a Trustee of Corporate Property Investors, the EPS Foundation at Trinity College, the Naples Philharmonic Center for the Arts, and Rensselaer Polytechnic Institute, and he is a member of the Advisory Boards of Butler Capital Corporation Funds and Warburg, Pincus Partnership Funds.

MARVIN L. MANN (61), 55 Railroad Avenue, Greenwich, CT, Trustee (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 (66), 21st Floor, 191 Peachtree Street, N.E., Atlanta, GA, Trustee, 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), 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).

WILLIAM J. HAYES (60), Vice President (1994), is Vice President of Fidelity's equity funds; Senior Vice President of FMR; and Managing Director of FMR Corp.

ROBERT H. MORRISON (54), Manager of Security Transactions of Fidelity's equity funds is Vice President of FMR.

ROBERT A. LAWRENCE (42), Vice President (1994), is Vice President of Fidelity's high income funds and Senior Vice President of FMR (1993). Prior to joining FMR, Mr. Lawrence was Managing Director of the High Yield Department for Citicorp (1984-1991).

FRED L. HENNING, JR. (55), Vice President (1994), is Vice President of Fidelity's money market funds and Senior Vice President of FMR Texas Inc.

ROBERT LITTERST (37), Vice President of Money Market Portfolio (1992). is an employee of FMR.

BARRY COFFMAN (35), Vice President of High Income Portfolio (1992), is an employee of FMR.

WILLIAM DANOFF (34), Vice President of Contrafund Portfolio (1995), is an employee of FMR.

LAWRENCE GREENBERG (31), Vice President of Growth Portfolio (1994), is an employee of FMR.

JOHN R. HICKLING (35), Vice President of Overseas Portfolio (1993), is an employee of FMR.

DONALD TAYLOR (40), Vice President of Investment Grade Bond Portfolio (1992), is an employee of FMR.

ANDREW OFFIT (34), Vice President of Asset Manager Portfolio and Asset Manager: Growth Portfolio (1995), is an employee of FMR.

ARTHUR S. LORING (47), Secretary, is Senior Vice President (1993) and General Counsel of FMR, Vice President-Legal of FMR Corp., and Vice President and Clerk of FDC.

STEPHEN P. JONAS (42), Treasurer (1995), is Treasurer and Vice President of FMR (1993). Mr. Jonas is also Treasurer of FMR Texas Inc. (1994), Fidelity Management & Research (U.K.) Inc. (1994), and Fidelity Management & Research (Far East) Inc. (1994). Prior to becoming Treasurer of FMR, Mr. Jonas was Senior Vice President, Finance - Fidelity Brokerage Services,

Inc. (1991-1992) and Senior Vice President, Strategic Business Systems - Fidelity Investments Retail Marketing Company (1989-1991).
THOMAS D. MAHER (49), 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). Prior to 1990, Mr. Maher was an employee of FMR and Assistant Secretary of all the Fidelity funds (1985-1989).
MICHAEL D. CONWAY (40), Assistant Treasurer (1995), is Assistant Treasurer of Fidelity's money market funds and is an employee of FMR (1995). Before joining FMR, Mr. Conway was an employee of Waddell & Reed Inc. (investment advisor, 1986-1994), where he served as Assistant Treasurer (1992) and as Assistant Vice President and Director of Operations of Waddell & Reed Asset Management Company (1994).
JOHN H. COSTELLO (48), Assistant Treasurer, is an employee of FMR.
LEONARD M. RUSH (49), Assistant Treasurer (1994), is an employee of FMR (1994). Prior to becoming Assistant Treasurer of the Fidelity Funds, Mr. Rush was Chief Compliance of Officer of FMR Corp. (1993-1994); Chief Financial Officer of Fidelity Brokerage Services, Inc. (1990-1993); and Vice President, Assistant Controller, and Director of the Accounting Department - First Boston Corp. (1986-1990).
The following table sets forth information describing the compensation of each current Trustee of each fund for his or her services as trustee for the fiscal year ended December 31, 1994.
COMPENSATION TABLE
Aggregate Compensation

<TABLE>
<CAPTION>

<S>	<C> J. Gary Burkhead+	<C> Ralph F. Cox	<C> Phyllis Burke Davis	<C> Richard J. Flynn	<C> Edward C. Johnson 3d+	<C> E. Bradley Jones	<C> Donald J. Kirk	<C> Peter S. Lynch+	<C> Gerald C. McDonough	<C> Edward H. Malone	<C> Marvin L. Mann	<C> Thomas R. Williams
Money Market	$0	$281	$272	$347	$0	$277	$275	$0	$278	$286	$279	$282
High Income	$0	$240	$235	$297	$0	$237	$238	$0	$240	$246	$240	$243
Equity-Income	$0	$813	$788	$1,008	$0	$803	$799	$0	$809	$831	$811	$821
Growth	$0	$800	$777	$990	$0	$789	$788	$0	$798	$818	$798	$809
Overseas	$0	$519	$503	$643	$0	$513	$510	$0	$516	$530	$518	$524
Investment Grade Bond	$0	$57	$55	$70	$0	$56	$56	$0	$57	$58	$57	$57
Asset Manager	$0	$1,457	$1,416	$1,801	$0	$1,438	$1,436	$0	$1,454	$1,491	$1,454	$1,472
Index 500	$0	$17	$16	$21	$0	$17	$16	$0	$17	$17	$17	$17
Contrafund**	$0	$35	$35	$45	$0	$35	$35	$0	$35	$35	$35	$35
Asset Manager: Growth**	$0	$10	$10	$15	$0	$10	$10	$0	$10	$10	$10	$10

</TABLE>

Trustees	Pension or Retirement Benefits Accrued As Part of Fund Expenses from the Fund Complex*	Estimated Annual Benefits Upon Retirement from the Fund Complex*	Total Compensation from the Fund Complex*
J. Gary Burkhead+	$ 0	$ 0	$ 0
Ralph F. Cox	5,200	52,000	125,000
Phyllis Burke Davis	5,200	52,000	122,000
Richard J. Flynn	0	52,000	154,500
Edward C. Johnson 3d+	0	0	0
E. Bradley Jones	5,200	49,400	123,500
Donald J. Kirk	5,200	52,000	125,000
Peter S. Lynch+	0	0	0

Gerald C. McDonough	5,200	52,000	125,000
Edward H. Malone	5,200	44,200	128,000
Marvin L. Mann	5,200	52,000	125,000
Thomas R. Williams	5,200	52,000	126,500

* Information is as of December 31, 1994, for all the 206 funds in the complex.
** Estimated, the fund did not commence operations until January 3, 1995.
+ Interested trustees are compensated by FMR.
Under a retirement program adopted in July 1988, Trustees, upon reaching age 72, become eligible to participate in a retirement program under which they receive payments during their lifetime from a fund based on their basic trustee fees and length of service. The obligation of a fund to make such payments are not secured or funded. Trustees become eligible if, at the time of retirement, they have served on the Board for at least five years. Currently, Messrs. Ralph S. Saul, William R. Spaulding, Bertram H. Witham, and David L. Yunich, all former non-interested Trustees, receive retirement benefits under the program
On December 31, the Trustees and officers of each fund owned, in the aggregate, less than 1% of each fund's total outstanding shares.
As of December 31, 1994, significant shares of the funds were held by the following companies with the figures beneath each fund representing that company's holdings as a percentage of each fund's total outstanding shares.

<TABLE>
<CAPTION>

<S>	<C> Money Market	<C> High Income	<C> Equity-Income	<C> Growth	<C> Overseas	<C> Investment Grade	<C> Asset Manager	<C> Index 500
American United Life Insurance Company (Indianapolis, IN)	--	--	--	--	--	--	--	14%
Ameritas Variable Life Insurance Company (Lincoln, NE)	10%	--	--	--	--	14%	--	--
Empire Fidelity Investments Life Insurance Company (New York, NY)	--	--	--	--	--	--	--	5%
Fidelity Investments Life Insurance Company (Boston, MA)	46%	17%	28%	19%	19%	43%	28%	48%
Integrity Life Insurance Company (Louisville, KY)	--	--	--	--	--	6%	--	--
The Life Insurance Company of Virginia (Richmond, VA)	9%	--	5%	5%	6%	--	13%	--
Northwestern National Life Insurance Company (Minneapolis, MN)	--	--	--	--	--	11%	--	7%
PFL Life Insurance Company (Cedar Rapids, IA)	19%	7%	7%	--	--	11%	--	--
Provident Mutual Life Insurance Company (Philadelphia, PA)	--	--	--	--	--	--	--	5%
Nationwide Life Insurance Company (Columbus, OH)	--	42%	29%	30%	39%	--	24%	--
The New England Life Insurance Company (Boston, MA)	--	--	--	--	8%	--	--	--
State Mutual Life Assurance Company (Worcester, MA)	--	8%	9%	8%	7%	--	--	--
The Travelers Insurance	--	6%	--	10%	--	--	10%	--

Company
(Hartford, CT)

</TABLE>

MANAGEMENT CONTRACTS
The funds employ 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 funds' investments, compensates all officers of the funds and all Trustees who are "interested persons" of the trusts or of FMR, and all personnel of the funds or FMR performing services relating 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 the funds' organization; supervising relations with custodians, transfer and pricing agents, accountants, underwriters, and other persons dealing with each fund; preparing all general shareholder communications and conducting shareholder relations; maintaining the funds' records and the registration of the funds' shares under federal and state laws; developing management and shareholder services for the funds; and furnishing reports, evaluations, and analyses on a variety of subjects to the Trustees.
In addition to the management fee payable to FMR and the fees payable to FSC and FIIOC, the fund pays all of its expenses, without limitation, that are not assumed by those parties. The 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 the fund's current management contract provides that it will pay for typesetting, printing, and mailing prospectuses, statements of additional information, notices, and reports to existing shareholders, the trust on behalf of the has entered into a revised transfer agent agreement with FIIOC, pursuant to which FIIOC bears the cost of providing these services to existing shareholders. Other expenses paid by the fund include interest, taxes, brokerage commissions, the proportionate share of insurance premiums and Investment Company Institute dues, and the costs of registering shares under federal and state securities laws. The fund is also liable for such nonrecurring expenses as may arise, including costs of any litigation to which the fund may be a party, and any obligation it may have to indemnify its officers and Trustees with respect to litigation.
FMR is each fund's manager pursuant to management contracts dated as follows:

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	Money Market	High Income	Equity-Income	Growth	Overseas	Investment Grade Bond	Asset Manager	Index 500	Contrafund	Asset Manager: Growth
Contract Dated	January 1, 1994	January 1, 1994	January 1, 1993	January 1, 1993	January 1, 1993	January 1, 1993	January 1, 1993	January 1, 1993	November 1, 1994	November 1, 1994
Date Approved by Shareholders	December 15, 1993	December 15, 1993	December 16, 1992	December 16, 1992	December 16, 1992	December 16, 1992	December 16, 1992	December 16, 1992	November 9, 1994	November 9, 1994

</TABLE>

The management fee paid to FMR by Index 500 Portfolio is reduced by an amount equal to the fees and expenses of the non-interested Trustees.
MONEY MARKET PORTFOLIO: For the services of FMR under the contract, the fund pays FMR a monthly management fee composed of a group fee rate and an individual fund fee rate (.03%), and an income-based component of 6% of the fund's gross income in excess of a 5% yield. The maximum income-based component is .24% of 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. The schedule below on the right shows the effective annual group fee rate at various asset levels, which is the result of cumulatively applying the annualized rates on the left. For example, the effective annual fee rate at $272 billion of group net assets - - their approximate level for December 1994 - was .1563%, which is the weighted average of the respective fee rates for each level of group net assets up to $272 billion.
GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Rate	Group Net Assets	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	400	.1507
174	-	228	.1400		
228	-	282	.1375		
282	-	336	.1350		
Over 336			.1325		

On August 1, 1994, FMR voluntarily revised the group fee rate schedule by adding new breakpoints. The revised group fee rate schedule provides for lower management fee rates as FMR's assets under management increase. The revised group fee rate schedule is identical to the above schedule for average group assets under $156 billion. For average group assets in excess of $156 billion, the group fee rate schedule voluntarily adopted by FMR is as follows:

GROUP FEE RATE SCHEDULE EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Fee Rate	Group Net Assets	Effective Annual Fee Rate
$ 120	-	156 billion	.1450%	$150 billion	.1736%
156	-	192	.1400	175	.1690
192	-	228	.1350	200	.1652
228	-	264	.1300	225	.1618
264	-	300	.1275	250	.1587
300	-	336	.1250	275	.1560
336	-	372	.1225	300	.1536
Over 372			.1200	325	.1514
				350	.1494
				375	.1476
				400	.1459

The individual fund fee rate is .03%.
One twelfth of the sum of the group fee rate and the individual fund fee rate is applied to the fund's average net assets for the current month, giving a dollar amount which is the fee for that month.
If the fund's monthly gross yield is 5% or less, the total management fee is the sum of the group fee and the individual fund fee. If the fund's monthly gross yield is greater than 5%, the management fee that FMR receives includes an income-based component. The income-based component 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.
For the fiscal years ended December 31, 1994, 1993, and 1992, FMR received $1,178,543, $415,213, and $487,024, respectively for its services as investment adviser. These fees were equivalent to .20%, .14%, and .17%, respectively, of the fund's average net assets for each of those years.
Prior to January 1, 1994, for the services of FMR under the contract, the fund paid 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%

HIGH INCOME AND INVESTMENT GRADE BOND PORTFOLIOS. For the services of FMR under the contracts, each 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 left. The schedule below on the right shows the effective annual group fee rate at various asset levels, which is the result of cumulatively applying the annualized rates on the left. For example, the effective annual fee rate at $272 billion of group net assets - - the approximate level for December 1994 was .1563%, which is the weighted average of the respective fee rates for each level of group net assets up to $272 billion.

GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Rate	Group Net Assets	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	400	.1507
174	-	228	.1400		
228	-	282	.1375		
282	-	336	.1350		
Over 336			.1325		

Under Investment Grade Bond's current management contract with FMR, the group fee rate is based on a schedule with breakpoints ending at .1400% for average group assets in excess of $174 billion. Prior to January 1, 1993, the group fee rate breakpoints shown above for average group assets in excess of $120 billion and under $228 billion were voluntarily adopted by FMR, and went into effect on January 1, 1992. The additional breakpoints shown above for average group assets in excess of $228 billion were voluntarily adopted by FMR on November 1, 1993.
On August 1, 1994, FMR voluntarily revised the prior extensions to the group fee rate schedule, and added new breakpoints for each fund. The revised group fee rate schedule provides for lower management fee rates as FMR's assets under management increase. The revised group fee rate schedule is identical to the above schedule for average group assets under $156 billion. For average group assets in excess of $156 billion, the group fee rate schedule voluntarily adopted by FMR is as follows:
GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Fee Rate	Group Net Assets	Effective Annual Fee Rate
$ 120	-	156 billion	.1450%	$150 billion	.1736%
156	-	192	.1400	175	.1690
192	-	228	.1350	200	.1652
228	-	264	.1300	225	.1618
264	-	300	.1275	250	.1587
300	-	336	.1250	275	.1560
336	-	372	.1225	300	.1536
Over 372			.1200	325	.1514
				350	.1494
				375	.1476
				400	.1459

The individual fund fee rate for Investment Grade Bond Portfolio is .30% and the individual fund fee rate for High Income Portfolio is .45%. Based on the average group net assets of the funds advised by FMR for December 1994, the annual management fee rate for each fund would be calculated as follows:

INVESTMENT GRADE BOND PORTFOLIO

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.1563%	+	.30%	=	.4563%

HIGH INCOME PORTFOLIO

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.1563%	+	.45%	=	.6063%

One-twelfth of this annual management fee rate is applied to each fund's net assets averaged for the most recent month, giving a dollar amount, which is the fee for that month.
During the fiscal years ended December 31, 1994, 1993 and 1992, FMR

received $520,469, $460,983 and $272,562, respectively, for its services as investment adviser to INVESTMENT GRADE BOND PORTFOLIO. These fees were equivalent to .46%, .47%, and .47%, respectively, of the average net assets of the fund for each of those years.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $2,999,205, $1,764,257 and $784,904, respectively, for its services as investment adviser to HIGH INCOME PORTFOLIO. These fees were equivalent to .61%, .51%, and .52%, respectively, of the average net assets of the fund for those years. On December 15, 1993, shareholders voted to increase the fund's individual fund fee rate from 0.35% to 0.45%.

EQUITY-INCOME, GROWTH, OVERSEAS, ASSET MANAGER, CONTRAFUND AND ASSET MANAGER: GROWTH PORTFOLIOS. For the services of FMR under the contract, each 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 left. The schedule below on the right shows the effective annual group fee rate at various asset levels, which is the result of cumulatively applying the annualized rates on the left. For example, the effective annual fee rate at $272 billion of group net assets - - the approximate level for December 1994 - was .3193%, which is the weighted average of the respective fee rates for each level of group net assets up to $272 billion.

GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Rate	Group Net Assets	Effective Annual Fee Rate
$ 0	-	3 billion	.5200%	$ 0.5 billion	.5200%
3	-	6	.4900	25	.4238
6	-	9	.4600	50	.3823
9	-	12	.4300	75	.3626
12	-	15	.4000	100	.3512
15	-	18	.3850	125	.3430
18	-	21	.3700	150	.3371
21	-	24	.3600	175	.3325
24	-	30	.3500	200	.3284
30	-	36	.3450	225	.3253
36	-	42	.3400	250	.3223
42	-	48	.3350	275	.3198
48	-	66	.3250	300	.3175
66	-	84	.3200	325	.3153
84	-	102	.3150	350	.3133
102	-	138	.3100		
138	-	174	.3050		
174	-	228	.3000		
228	-	282	.2950		
282	-	336	.2900		
Over 336			.2850		

Under Equity-Income, Growth, Overseas and Asset Manager Portfolios' current management contract with FMR, the group fee rate is based on a schedule with breakpoints ending at .3000% for average group assets in excess of $174 billion. Prior to January 1, 1993, the group fee rate breakpoints shown above for average group assets in excess of $138 billion and under $228 billion were voluntarily adopted by FMR, and went into effect on January 1, 1992. The additional breakpoints shown above for average group assets in excess of $228 billion were voluntarily adopted by FMR on November 1, 1993.

On August 1, 1994, FMR voluntarily revised the prior extensions to the group fee rate schedule, and added new breakpoints (Asset Manager: Growth and Contrafund Portfolios' management contracts are each dated November 1, 1994 and therefore, include the following additional breakpoint schedules in their fee schedules). The revised group fee rate schedule provides for lower management fee rates as FMR's assets under management increase. The revised group fee rate schedule is identical to the above schedule for average group assets under $210 billion. For average group assets in excess of $210 billion, the group fee rate schedule voluntarily adopted by FMR is as follows:

GROUP FEE RATE SCHEDULE   EFFECTIVE ANNUAL FEE RATES

Average Group Assets			Annualized Rate	Group Net Assets	Effective Annual Fee Rate
$ 138	-	174 billion	.3050%	$150 billion	.3371%
174	-	210	.3000	175	.3325
210	-	246	.2950	200	.3284
246	-	282	.2900	225	.3249
282	-	318	.2850	250	.3219
318	-	354	.2800	275	.3190
354	-	390	.2750	300	.3163
Over 390			.2700	325	.3137
				350	.3113
				375	.3090
				400	.3067

The individual fund fee rate for the funds are as follows: .20% for Equity-Income Portfolio; .30% for Growth and Contrafund Portfolios; .40% for Asset Manager and Asset Manager: Growth Portfolios; and .45% for Overseas Portfolio. Based on the average group net assets of the funds advised by FMR for December 1994, the annual management fee rate for each fund would be calculated as follows:

EQUITY-INCOME PORTFOLIO

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.3193%	+	.20%	=	.5193%

GROWTH AND CONTRAFUND PORTFOLIOS

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.3193%	+	.30%	=	.6193%

ASSET MANAGER AND ASSET MANAGER: GROWTH PORTFOLIOS

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.3193%	+	.40%	=	.7193%

OVERSEAS PORTFOLIO

Group Fee Rate		Individual Fund Fee Rate		Management Fee Rate
.3193%	+	.45%	=	.7693%

One-twelfth of the annual management fee rate is applied to each fund's net assets averaged for the most recent month, giving a dollar amount, which is the fee for that month.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $9,165,293, $5,004,191 and $2,179,187, respectively, for its services as investment adviser to EQUITY-INCOME PORTFOLIO. These fees were equivalent to .52%, .53%, and .53%, respectively, of the average net assets of the fund for each of those years.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $10,585,482, $6,358,701 and $3,305,050, respectively, for its services as investment adviser to GROWTH PORTFOLIO. These fees were equivalent to .62%, .63%, and .63%, respectively, of the average net assets of the fund for each of those years.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $8,646,616, $3,078,432 and $1,231,227, respectively, for its services as investment adviser to OVERSEAS PORTFOLIO. These fees were equivalent to .77%, .77%, and .78%, respectively, of the average net assets of the fund for each of those years.

During the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $22,080,801, $10,365,454 and $3,065,065, respectively, for its services as investment adviser to ASSET MANAGER PORTFOLIO. These fees were equivalent to .72%, .72%, and .73%, respectively, of the average net assets of the fund for each of those years.

INDEX 500 PORTFOLIO. FMR is the fund's manager pursuant to a management contract dated January 1, 1993, which was approved by shareholders on December 16, 1992. For the services of FMR under the contract, Index 500 pays FMR a monthly management fee at the annual rate of .28% of the average net assets of the fund throughout the month. For the fiscal years ended December 31, 1994, 1993 and 1992, FMR received $103,136, $58,243, and $11,715, respectively, before any reimbursement of expenses by FMR.

FMR may, from time to time, voluntarily reimburse all or a portion of a fund's operating expenses (exclusive of interest, taxes, brokerage commissions, and extraordinary expenses). FMR retains the ability to be repaid for these expense reimbursements in the amount that expenses fall below the limit prior to the end of the fiscal year. Expense reimbursements by FMR will increase the fund's total returns and yield and repayment of the reimbursement by the fund will lower its total returns and yield.

FMR has voluntarily agreed, subject to revision or termination, to reimburse the funds if and to the extent that its aggregate operating expenses, including management fees, were in excess of a specified annual rate for the funds. The following provides the expense and the date the cap was imposed: September 19, 1985 (1.00%) for High Income Portfolio; October 9, 1986 (1.50%) for Equity-Income and Growth Portfolios; January 28, 1987 (1.50%) for Overseas Portfolio; December 5, 1988 (.80%) for Investment Grade Bond Portfolio; January 1, 1990 (1.25%) for Asset Manager Portfolio; August 27, 1992 (.28%) for Index 500 Portfolio; and January 3, 1995 (1.00%) for Asset Manager: Growth and Contrafund Portfolios. Under this arrangement, FMR reimbursed Index 500 $195,500, $138,597 and $63,623, respectively for fiscal years ended December 31, 1994, 1993 and 1992.

SUB-ADVISERS. On behalf of High Income and Asset Manager, Contrafund and Asset Manager: Growth Portfolios, FMR, has entered into sub-advisory agreements with FMR U.K. and FMR Far East. On behalf of Overseas Portfolio, FMR has entered into sub-advisory agreements with FMR U.K., FMR Far East, and FIIA. FIIA, in turn, has entered into a sub-advisory agreement with FIIAL U.K. Pursuant to the sub-advisory agreements, FMR may receive investment advice and research services outside the United States from the sub-advisers. On behalf of High Income, Contrafund, Asset Manager: Growth and Overseas Portfolios, FMR may also grant the sub-advisers investment management authority as well as the authority to buy and sell securities if FMR believes it would be beneficial to a fund.

Currently, FMR U.K. and FMR Far East each focus on issuers in countries other than the United States such as those in Europe, Asia, and the Pacific Basin.

Currently, FMR U.K., FMR Far East, FIIA, and FIIAL U.K. each focus on issuers in countries other than the United States such as those in Europe, Asia, and the Pacific Basin.

FMR U.K. and FMR Far East, which were organized in 1986, are wholly owned subsidiaries of FMR. FIIA is a wholly owned subsidiary of Fidelity International Limited (FIL), a Bermuda company formed in 1968 which primarily provides investment advisory services to non-U.S. investment companies and institutional investors investing in securities throughout the world. Edward C. Johnson 3d, Johnson family members, and various trusts for the benefit of the Johnson family owns, directly or indirectly, more than 25% of the voting common stock of FIL. FIIA was organized in Bermuda in 1983. FIIAL U.K. was organized in the United Kingdom in 1984, and is a wholly owned subsidiary of Fidelity International Management Holdings Limited, an indirect wholly owned subsidiary of FIL.

Under the sub-advisory agreements FMR pays the fees of FMR U.K., FMR Far East, and FIIA. FIIA, in turn, pays the fees of FIIAL U.K. For providing non-discretionary investment advice and research services the sub-advisers are compensated as follows:

(small solid bullet) FMR pays FMR U.K. and FMR Far East fees equal to 110% and 105%, respectively, of FMR U.K.'s and FMR Far East's costs incurred in connection with providing investment advice and research services.

(small solid bullet) FMR pays FIIA a fee equal to 30% of FMR's monthly management fee with respect to the average net assets held by the fund for which FIIA has provided FMR with investment advice and research services.

(small solid bullet) FIIA pays FIIAL U.K. a fee equal to 110% of FIIAL U.K.'s costs incurred in connection with providing investment advice and research services.

For providing discretionary investment management and executing portfolio transactions, the sub-advisers are compensated as follows:

(small solid bullet) FMR pays FMR U.K., FMR Far East, and FIIA a fee equal to 50% of its monthly management fee with respect to the fund's average net assets managed by the sub-adviser on a discretionary basis.

(small solid bullet) FIIA pays FIIAL U.K. a fee equal to 110% of FIIAL U.K.'s costs incurred in connection with providing discretionary investment management services.

For providing investment advice and research services, the fees paid to the sub-advisers for fiscal 1994, 1993, and 1992 were as follows:

Asset Manager Portfolio

Fiscal Year	FMR U.K.	FMR Far East
1994	$147,227	$190,254

1993	$139,893	$227,112		
1992	$40,978	$52,009		

Overseas Portfolio

Fiscal Year	FMR U.K.	FMR Far East	FIIA	FIIAL U.K.
1994	$387,086	$425,049	- -	- -
1993	$94,517	$138,059	- -	- -
1992	$41,512	$34,267	- -	- -

For providing discretionary investment management and executing portfolio transactions, FMR, on behalf of Overseas Portfolio paid FMR U.K. fees totaling $376,357 for fiscal 1992. For providing discretionary investment management and executing portfolio transactions, no fees were paid by FMR on behalf of Overseas Portfolio to the sub-advisors during fiscal years ended 1993 and 1994.

FMR entered into the sub-advisory agreements described above as follows: April 1, 1992 for Overseas; January 1, 1994 for High Income; and November 1, 1994 for Contrafund and Asset Manager: Growth Portfolios. The agreements were approved by shareholders as follows: March 25, 1992 for Overseas, December 15, 1993 for High Income; and November 9, 1994 for Contrafund and Asset Manager: Growth.

On behalf of MONEY MARKET PORTFOLIO, FMR has entered into a sub-advisory agreement with FMR Texas pursuant to which FMR Texas has primary responsibility for providing portfolio investment management services to the fund.

Under the sub-advisory agreement, FMR pays FMR Texas fees equal to 50% of the management fee payable to FMR under its management contract with the fund. The fee paid to FMR Texas are not reduced by any voluntary or mandatory expense reimbursements that may be in effect from time to time. For the fiscal years ended December 31, 1994, 1993 and 1992, FMR paid FMR Texas management fees of $589,272, $207,606, and $243,512, respectively.

DISTRIBUTION AND SERVICE PLANS

The Trustees have approved Distribution and Service Plans on behalf of the funds (the Plans) pursuant to 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 a fund except pursuant to a plan approved on behalf of the fund under the Rule. The Plans, as approved by the Trustees, allow the funds and FMR to incur certain expenses that might be considered to constitute indirect payment by the funds of distribution expenses.

Under each Plan, if the payment of management fees by the funds to FMR is deemed to be indirect financing by the funds of the distribution of their shares, such payment is authorized by the Plans. Each Plan also specifically recognizes that FMR, either directly or through FDC, may use its management fee revenue, past profits, or other resources, without limitation, to pay promotional and administrative expenses in connection with the offer and sale of shares of each fund. In addition, each Plan provides that FMR may use its resources, including its management fee revenues, to make payments to third parties that assist in selling shares of each fund, or to third parties, including banks, that render shareholder support services. The Trustees have not authorized such payments to date. Prior to approving each Plan, the Trustees carefully considered all pertinent factors relating to the implementation of each Plan, 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 each Plan does not authorize payments by each fund other than those made to FMR under its management contract with the fund. To the extent that each Plan gives FMR and FDC greater flexibility in connection with the distribution of shares of each fund, additional sales of fund shares may result. Furthermore, certain shareholder support services may be provided more effectively under the Plans by local entities with whom shareholders have other relationships. Money Market, High Income, Equity-Income and Growth Portfolios' Plans were approved by shareholders of their respective fund on December 11, 1986. Overseas Portfolio's Plan was approved by shareholders on November 18, 1987. The Plans for Investment Grade Bond Portfolio and Asset Manager Portfolio were approved by the funds' shareholders on December 13, 1989. Index 500 Portfolio's Plan was approved by the Portfolio's shareholders on December 16, 1992. Contrafund and Asset Manager: Growth Portfolios' Plans were approved by the fund sole shareholder on November 9, 1994.

Each fund may execute portfolio transactions with, and purchase securities issued by, depository institutions that receive payments under the Plans. No preference for the instruments of such depository institutions will be shown in the selection of investments.

CONTRACTS WITH COMPANIES AFFILIATED WITH FMR

Each fund has an agreement with FSC, an affiliate of FMR Corp., under which FSC determines the NAV per share and dividends of each fund and maintains the portfolio and general accounting records of each fund. Prior to July 1, 1991, the annual fee for these pricing and bookkeeping services was based

on two schedules, one pertaining to each fund's average net assets, and one pertaining to the type and number of transactions each fund made. The fee rates in effect as of July 1, 1991, are based on each fund's average net assets as follows: for Money Market Portfolio, .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; for High Income and Investment Grade Bond Portfolios, .04% for the first $500 million of average net assets and .02% for average net assets in excess of $500 million. For Equity-Income, Growth, Overseas, Asset Manager, Contrafund, Asset Manager: Growth and Index 500 Portfolios, .06% for the first $500 million of average net assets and .03% for average net assets in excess of $500 million. The fee for High Income, Equity Income, Growth, Overseas, Asset Manager, Investment Grade Bond, Index 500, Contrafund and Asset Manager: Growth Portfolios is limited to a minimum of $45,000 and a maximum of $750,000 per year.
The following are the fees paid by each fund to FSC for the last three fiscal years:

<TABLE>
<CAPTION>

<S>	<C> Money Market	<C> High Income	<C> Equity-Income	<C> Growth	<C> Overseas	<C> Investment Grade Bond	<C> Asset Manager	<C> Index 500
1994	$92,003	$197,109	$669,962	$664,914	$491,242	$46,617	$751,546	$45,097
1993	$53,769	$138,642	$439,891	$456,795	$230,456	$46,426	$583,404	$45,074
1992	$52,389	$62,305	$242,745	$303,007	$109,649	$46,187	$243,598	$15,547

</TABLE>

Each fund utilizes FIIOC, an affiliate of FMR Corp., to maintain the master accounts of the participating insurance companies. Under the contract, each fund pays a fee of $95 per shareholder account per year and a fee of $20 for each monetary transaction. In addition to providing transfer agent and shareholder servicing functions, FIIOC pays all transfer agent out-of-pocket expenses and also pays for typesetting, printing and mailing Prospectuses, Statements of Additional Information, reports, notices and statements to shareholders allocable to the master account of participating insurance companies.
The following are the fees paid by each fund to FIIOC (including reimbursement for out-of-pocket expenses) for the last three fiscal years:

<TABLE>
<CAPTION>

<S>	<C> Money Market	<C> High Income	<C> Equity-Income	<C> Growth	<C> Overseas	<C> Investment Grade Bond	<C> Asset Manager	<C> Index 500
1994	$115,837	$163,055	$0	$7,612	$173,157	$90,382	$50,231	$84,940
1993	$87,208	$108,432	$51,596	$51,825	$143,222	$71,119	$62,281	$33,911
1992	$59,118	$61,198	$68,260	$79,504	$65,240	$39,809	$63,976	$1,205

</TABLE>

If a portion of each applicable fund's brokerage commissions had not been allocated toward payment of these fees, the transfer agent fees for the last three fiscal years would have been as follows (not applicable for Money Market, High Income, Overseas, Index 500 and Investment Grade Bond Portfolios):

	Equity-Income Portfolio	Growth Portfolio	Asset Manager Portfolio
1994	$192,500	$212,064	$181,816
1993	111,756	140,122	$115,600
1992	68,260	79,504	63,976

FSC also receives fees for administering each fund's securities lending program. Securities lending fees are based on the number and duration of individual securities loans. For 1994, no lending fees were paid to FSC by any of the funds for the last three fiscal years.
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 each fund, 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. Money Market Portfolio,High Income Portfolio, and Equity-Income Portfolio are funds of Variable Insurance Products Fund, an open-end management investment company organized as a Massachusetts business trust. In July 1985, pursuant to shareholder approval, the Declaration of Trust was amended to change the name of the Trust from Fidelity Cash Reserves II to Variable Insurance Products Fund. The Declaration of Trust permits the Trustees to create additional funds. Investment Grade Bond Portfolio, Asset Manager Portfolio, Index 500 Portfolio, Contrafund Portfolio and Asset Manager: Growth Portfolio are funds of Variable Insurance Products Fund II, an open-end management investment company organized as a Massachusetts business trust on March 21, 1988. The Declaration of Trust permits the Trustees to create additional funds.

Investments in each trust may be made only by the separate accounts of insurance companies for the purpose of funding variable annuity and variable life insurance contracts issued by insurance companies.

In the event that FMR ceases to be the investment adviser to a trust or a fund, the right of the trust or 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 fund 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 the liabilities with respect to such fund and with a share of the general expenses of the trust. Expenses with respect to the trust are to be allocated in proportion to the asset value of the respective funds, except where allocations of direct expense can otherwise be fairly made. The officers of the trust, subject to the general supervision of the Board 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. In the event of the dissolution or liquidation of the trust, shareholders of each fund are entitled to receive as a class the underlying assets of such fund available for distribution.

SHAREHOLDER AND TRUSTEE LIABILITY. Each 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. Each Declaration of Trust provides that the 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 trust or the Trustees shall include a provision limiting the obligations created thereby to the trust and its assets. Each Declaration of Trust provides for indemnification out of each fund's property of any shareholders held personally liable for the obligations of the fund. Each 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.

Each 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 Trustees against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

VOTING RIGHTS. Each fund's capital consists of shares of beneficial interest. The shares have no preemptive or conversion rights; the 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 heading "Shareholder and Trustee Liability" above. Shareholders representing 10% or more of the trust or a fund may, as set forth in the Declaration of Trust, 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 the entire trust, the purpose of voting on removal of one or more Trustees. The trust or any fund may be terminated upon the sale of its assets to another open-end management investment company, or upon liquidation and distribution of its assets, if approved by vote of the holders of a majority of the outstanding shares of the trust or the fund. If not so terminated, the trust and its funds will continue indefinitely.

CUSTODIAN. Morgan Guaranty Trust Company, 60 Wall Street, New York, New York is custodian of Money Market Portfolio's assets; The Bank of New York, 110 Washington Street, New York New York, is custodian of High Income and Investment Grade Bond Portfolios' assets; The Chase Manhattan Bank, N.A., 1211 Avenue of the Americas, New York, New York 10036, is custodian of Equity-Income, Overseas, Asset Manager: Growth, and Asset Manager Portfolios' assets; and Brown Brothers Harriman & Co., 40 Water Street, Boston, Massachusetts, is custodian of Growth, Contrafund, and Index 500 Portfolios' assets. 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. The funds, however, may invest in obligations of the custodians and may purchase or sell securities from or to the custodians. Investors should understand that the expense ratio for the Overseas Portfolio may be higher than that of investment companies which invest exclusively in domestic securities since the cost of maintaining the custody of foreign securities is higher.

FMR, its officers and directors and its affiliated companies from time to time have transactions with various banks, including the custodian banks for certain of the funds advised by FMR. The Boston branch of Brown Brothers Harriman & Co. leases its office space from an affiliate of FMR at a lease payment which, when entered into, was consistent with prevailing market rates. Other transactions that have occurred to date include 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.

AUDITOR. Coopers & Lybrand, L.L.P. One Post Office Square, Boston, Massachusetts (1999 Bryan Street, Dallas Texas, for Money Market Portfolio), serves as the independent accountant for Variable Insurance Products Fund and Price Waterhouse LLP, 160 Federal Street, Boston, Massachusetts serves as the independent accountant of Variable Insurance Products Fund II, each providing audit services including (1) audits of annual financial statements, (2) assistance and consultation in connection with SEC filings and (3) review of the annual federal income tax returns filed on behalf of each fund.

FINANCIAL STATEMENTS

Each fund's financial statements and financial highlights for the fiscal year ended December 31, 1994 are included in the funds' Annual Reports, which are separate reports supplied with this Statement of Additional Information. Each fund's financial statements and financial highlights are incorporated herein by reference.

APPENDIX

DOLLAR-WEIGHTED AVERAGE MATURITY is derived by multiplying the value of each investment by the number of days remaining to its maturity, adding these calculations, and then dividing the total by the value of the fund's portfolio. An obligation's maturity is typically determined on a stated final maturity basis, although there are some exceptions to this rule.

For example, if it is probable that the issuer of an instrument will take advantage of a maturity-shortening device, such as a call, refunding, or redemption provision, the date on which the instrument will probably be called, refunded, or redeemed may be considered to be its maturity date. Also, the maturities of mortgage-backed securities and some asset-backed securities, such as collateralized mortgage obligations, are determined on a weighted average life basis, which is the average time for principal to be repaid. For a mortgage security, this average time is calculated based on estimates of the date principal will be paid in advance of its stated maturity. The weighted average life of these securities is likely to be substantially shorter than their stated final maturity.

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.
(INDEX 500 PORTFOLIO) The S&P 500 Composite Stock Price Index (S&P 500) is a well-known stock market index that includes common stocks of companies representing a significant portion of the market value of all common stocks publicly traded in the United States. FMR believes that the performance of the S&P 500 is representative of the performance of publicly traded common stocks in general. The composition of the S&P 500 is determined by Standard & Poor's Corporation, and is based on such factors as the market capitalization and trading activity of each stock and its adequacy as representative of stocks in a particular industry group; Standard & Poor's may change the composition of the Index from time to time. Stocks in the S&P 500 Index are weighted according to their market capitalization (i.e., the number of shares outstanding multiplied by the stock's current price), with the 59 largest stocks currently composing 50% of the S&P 500's value. Although Standard & Poor's obtains information for inclusion in or for use in the calculation of the S&P 500 from sources which considers reliable, Standard & Poor's does not guarantee the accuracy or the completeness of the S&P 500 or any data included therein. Standard & Poor's makes no

warranty, express or implied, as to results to be obtained by the licensee, owners of the fund, or any other person or entity from the use of the S&P 500 or any data included therein in connection with the rights licensed hereunder or for any other use. Standard & Poor's makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to the S&P 500 any data included therein.

THE 500 STOCKS IN THE S&P 500 INDEX. The following is a list of the 500 Stocks in the S&P 500 Index as of December 30, 1994.

Abbott Labs
Advanced Micro Devices
Aetna Life & Casualty
Ahmanson (H.F.) & Co.
Air Products & Chemicals
AirTouch Communications
Alberto-Culver
Albertson's
Alcan Aluminum Ltd.
Alco Standard
Alexander & Alexander
Allergan, Inc.
AlliedSignal
ALLTEL Corp.
Aluminum Co. of America
ALZA Corp. CI.A
Amdahl Corp.
Amerada Hess
American Barrick Res.
American Brands Inc.
American Electric Power
American Express
American General
American Greetings CI A
American Home Products
American Int'l. Group
American Stores
Ameritech
Amgen
Amoco
AMP Inc.
AMR Corp.
Andrew Corp.
Anheuser-Busch
Apple Computer
Archer-Daniels-Midland
Armco Inc.
Armstrong World
ASARCO Inc.
Ashland Oil
AT&T Corp.
Atlantic Richfield
Autodesk, Inc.
Automatic Data Processing Inc.
Avery Dennison Corp.
Avon Products
Baker Hughes
Ball Corp.
Bally Entertainment Corp.
Baltimore Gas & Electric
Banc One Corp.
Bank of Boston
BankAmerica Corp.
Bankers Trust N.Y.
Bard (C.R.) Inc.
Barnett Banks Inc.
Bassett Furniture
Bausch & Lomb
Baxter International Inc.
Becton, Dickinson
Bell Atlantic
BellSouth
Bemis Company
Beneficial Corp.
Bethlehem Steel
Beverly Enterprises
Biomet, Inc.
Black & Decker Corp.
Block H&R
Boatmen's Bancshares
Boeing Company
Boise Cascade
Briggs & Stratton
Bristol-Myers Squibb
Brown Group
Browning-Ferris Ind.

Brown-Forman Corp.
Bruno's Inc.
Brunswick Corp.
Burlington Northern
Burlington Resources
Campbell Soup
Capital Cities/ABC
Carolina Power & Light
Caterpillar Inc.
CBS Inc.
Centex Corp.
Central & South West
Ceridian Corp.
Champion International
Charming Shoppes
Chase Manhattan
Chemical Banking Corp.
Chevron Corp.
Chrysler Corp.
Chubb Corp.
CIGNA Corp.
Cincinnati Milacron
Cinergy Corp.
Circuity City Stores
cicso Systems
Citicorp
Clark Equipment
Clorox Co.
Coastal Corp.
Coca Cola Co.
Colgate-Palmolive
Columbia Gas System
Columbia/HCA Healthcare Corp.
Comcast Class A Special
Community Psych Centers
COMPAQ Computer
Computer Associates Intl.
Computer Sciences Corp.
ConAgra Inc.
Consolidated Edison
Consolidated Freightways
Consolidated Natural Gas
Conrail Inc.
Continental Corp.
Cooper Industries
Cooper Tire & Rubber
Coors (Adolph)
CoreStates Financial
Corning Inc.
CPC International
Crane Company
Cray Research
Crown Cork & Seal
CSX Corp.
Cummins Engine Co., Inc.
Cyprus Amax Minerals Co.
Dana Corp.
Data General
Dayton Hudson
Dean Witter, Discover & Co.
Deere & Co.
Delta Air Lines
Deluxe Corp.
Detroit Edison
Dial Corp.
Digital Equipment
Dillard Department Stores
Dominion Resources
Donnelley (R.R.) & Sons
Dover Corp.
Dow Chemical
Dow Jones & Co.
Dresser Industries
DSC Communications
Du Pont (E.I.)
Duke Power
Dun & Bradstreet
E G & G Inc.
E-Systems
Eastern Enterprises
Eastman Chemical
Eastman Kodak
Eaton Corp.
Echlin Inc.
Echo Bay Mines Ltd.

Ecolab Inc.
Emerson Electric
Engelhard Corp.
Enron Corp.
ENSERCH Corp.
Entergy Corp.
Exxon Corp.
Federal Express
Federal Home Loan Mtg.
Federal Natl. Mtge.
Federal Paper Board
First Chicago Corp.
First Data
First Fidelity Bancorp
First Interstate Bancorp
First Mississippi Corp.
First Union Corp.
Fleet Financial Group
Fleetwood Enterprises
Fleming Cos. Inc.
Fluor Corp.
FMC Corp.
Ford Motor
Foster Wheeler
FPL Group
Gannett Co.
Gap (The)
General Dynamics
General Electric
General Mills
General Motors
General Re Corp.
General Signal
Genuine Parts
Georgia-Pacific
Giant Food CI. A
Giddings & Lewis
Gillette Co.
Golden West Financial
Goodrich (B.F.)
Goodyear Tire & Rubber
Grace (W.R.) & Co.
Grainger (W.W.) Inc.
Great A & P
Great Lakes Chemical
Great Western Financial
GTE Corp.
Halliburton Co.
Handleman Co.
Harcourt General Inc.
Harland (J.H.)
Harnischfeger Indus.
Harris Corp.
Hartmarx Corp.
Hasbro Inc.
Heinz (H.J.)
Helmerich & Payne
Hercules, Inc.
Hershey Foods
Hewlett-Packard
Hilton Hotels
Home Depot
Homestake Mining
Honeywell
Household International
Houston Industries
Illinois Tool Works
Inco, Ltd.
Ingersoll-Rand
Inland Steel Ind. Inc.
Intel Corp.
Intergraph Corp.
International Bus. Machines
International Flav/Frag
International Paper
Interpublic Group
ITT Corp.
James River
Jefferson-Pilot
Johnson Controls
Johnson & Johnson
Jostens Inc.
K Mart
Kaufman & Broad Home Corp.
Kellogg Co.

Kerr-McGee
KeyCorp
Kimberly-Clark
King World Productions
Knight-Ridder Inc.
Kroger Co.
Lilly (Eli) & Co.
Limited, The
Lincoln National
Liz Claiborne, Inc.
Lockheed Corp.
Longs Drug Stores
Loral Corp.
Lotus Development
Louisiana Land & Exploration
Louisiana Pacific
Lowe's Cos.
Luby's Cafeterias
M/A-Com, Inc.
Maillinckrodt Group Inc.
Manor Care
Marriott Int'l
Marsh & McLennan
Martin Marietta
Masco Corp.
Mattel, Inc.
Maxus Energy
May Dept. Stores
Maytag Corp.
MBNA Corp.
McDermott International
McDonald's Corp.
McDonnell Douglas
McGraw-Hill
MCI Communications
Mead Corp.
Medtronic Inc.
Mellon Bank Corp.
Melville Corp.
Mercantile Stores
Merck & Co.
Meredith Corp.
Merrill Lynch
Micron Technology
Microsoft Corp.
Millipore Corp.
Minn. Mining & Mfg.
Mobil Corp.
Monsanto Company
Moore Corp. Ltd.
Morgan (J.P.) & Co.
Morrison Knudsen
Morton International
Motorola Inc.
NACCO Ind. CI. A
Nalco Chemical
National City Corp.
National Education
National Medical Enterprise
National Semiconductor
National Service Ind.
NationsBank
Navistar International Corp.
NBD Bancorp Inc.
New York Times CI. A
Newell Co.
Newmont Mining
Niagara Mohawk Power
NICOR Inc.
NIKE Inc.
NorAm Energy Corp.
Nordstrom
Norfolk Southern Corp.
Northern States Power
Northern Telecom
Northrop Grumman Corp.
Norwest Corp.
Novell Inc.
Nucor Corp.
Nynex
Occidental Petroleum
Ogden Corp.
Ohio Edison
ONEOK Inc.
Oracle Systems

Oryx Energy Co.
Oshkosh B'Gosh
Outboard Marine
Owens-Corning Fiberglas
PACCAR Inc.
Pacific Enterprises
Pacific Gas & Electric
Pacific Telesis
PacifiCorp
Pall Corp.
Panhandle Eastern
Parker-Hannifin
PECO Energy Co.
Penney (J.C.)
Pennzoil Co.
Peoples Energy
Pep Boys
PepsiCo Inc.
Perkin-Elmer
Pet Inc.
Pfizer, Inc.
Phelps Dodge
Philip Morris
Phillips Petroleum
Pioneer Hi-Bred Int'l
Pitney-Bowes
Pittston Services Group
Placer Dome Inc.
PNC Bank Corp.
Polaroid Corp.
Potlatch Corp.
PPG Industries
Praxair, Inc.
Premark International
Price/Costco Inc.
Procter & Gamble
Promus Inc.
Providian Corp.
Public Serv. Enterprise Inc.
Pulte Corp.
Quaker Oats
Ralston-Ralston Purina Gp
Raychem Corp.
Raytheon Co.
Reebok International
Reynolds Metals
Rite Aid
Roadway Services
Rockwell International
Rohm & Haas
Rollins Environmental
Rowan Cos.
Royal Dutch Petroleum
Rubbermaid Inc.
Russell Corp.
Ryan's Family Steak House
Ryder System
SAFECO Corp.
Safety-Kleen
Salomon Inc.
Santa Fe Energy Resources
Santa Fe Pacific Gold Corp.
Santa Fe Pacific Corp.
Sara Lee Corp.
SBC Communications Inc.
SCEcorp.
Schering-Plough
Schlumberger Ltd.
Scientific-Atlanta
Scott Paper
Seagram Co. Ltd.
Sears, Roebuck & Co.
Service Corp. International
Shared Medical Systems
Shawmut National
Sherwin-Williams
Shoney's Inc.
Sigma-Aldrich
Skyline Corp.
Snap-On Tools
Sonat Inc.
Southern Co.
Southwest Airlines
Springs Industries Inc.
Sprint Corp.

SPX Corp.
St. Jude Medical
St. Paul Cos.
Stanley Works
Stone Container
Stride Rite
Sun Co., Inc.
Sun Microsystems
SunTrust Banks
Supervalu Inc.
Sysco Corp.
Tandem Computers Inc.
Tandy Corp.
Tektronix Inc.
Teledyne Inc.
Tele-Communications
Temple-Inland
Tenneco Inc.
Texaco Inc.
Texas Instruments
Texas Utilities
Textron Inc.
Thomas & Betts
Time Warner Inc.
Times Mirror
Timken Co.
TJX Companies Inc.
Torchmark Corp.
Toys R Us
Transamerica Corp.
Transco Energy
Travelers Inc.
Tribune Co.
Trinova Corp.
TRW Inc.
Tyco International
Unicom Corp.
Unilever N.V.
Union Camp
Union Carbide
Union Electric Co.
Union Pacific
Unisys Corp.
United Healthcare Corp.
United Technologies
Unocal Corp.
UNUM Corp.
Upjohn Co.
US West Inc.
USAir Group
USF&G Corp.
USLIFE Corp.
UST Inc.
USX-Marathon Group
USX-U.S. Steel Group
U.S. Bancorp
U.S. Healthcare Inc.
U.S. Surgical
Varity Corp.
V.F. Corp.
Viacom Inc.
Wachovia Corp.
Wal-Mart Stores
Walgreen Co.
Walt Disney Co.
Warner-Lambert
WMX Technologies
Wells Fargo & Co.
Wendy's International
Western Atlas
Westinghouse Electric
Westvaco Corp.
Weyerhaeuser Corp.
Whirlpool Corp.
Whitman Corp.
Williams Cos.
Winn-Dixie
Woolworth Corp.
Worthington Ind.
Wrigley (Wm) Jr.
Xerox Corp.
Yellow Corp.
Zenith Electronics
Zurn Industries
PART C. OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) 1. The Financial Statements and Financial Highlights, included in the Annual Report, for Variable Insurance Products Fund II: Investment Grade Bond Portfolio, Asset Manager Portfolio and Index 500 Portfolio for the fiscal year ended December 31, 1994, are incorporated herein by reference into the Statement of Additional Information and were filed on March 1, 1995, for Variable Insurance Products Fund II (File No. 811-5511) pursuant to Rule 30d-1 under the Investment Company Act of 1940 and are incorporated herein by reference.

2. The Financial Statements and Financial Highlights, included in the Annual Report, for Variable Insurance Products Fund: Money Market Portfolio, High Income Portfolio, Equity-Income Portfolio, Growth Portfolio and Overseas Portfolio for the fiscal year ended December 31, 1994, are incorporated herein by reference into the Statement of Additional Information and were filed on March 1, 1995, for Variable Insurance Products Fund (File No. 811-3329) pursuant to Rule 30d-1 under the Investment Company Act of 1940 and are incorporated herein by reference.

3. The Financial Statements and Financial Highlights, included in the Semiannual Report, for Variable Insurance Products Fund II: Contrafund Portfolio and Asset Manager: Growth Portfolio, for the fiscal period January 3, 1995 (commencement of operations) through June 30, 1995, are incorporated herein by reference into the Statement of Additional Information and are filed herein as Exhibit 24(a)(2).

(b) Exhibits:

(1) (a) Declaration of Trust dated as of March 21, 1988 is filed herein as Exhibit 1(a).

(b) Supplement to the Declaration of Trust dated January 1, 1990 is filed herein as Exhibit 1(b).

(2) By-Laws of Variable Insurance Products Fund II, as amended, are incorporated herein by reference to Exhibit 2(a) to Fidelity Union Street Trust's (File No. 2-50318) Post-Effective Amendment No. 87.

(3) None.

(4) None.

(5) (a) Management Contract between Index 500 Portfolio and Fidelity Management & Research Company dated January 1, 1993, is filed herein as Exhibit 5(a).

(b) Management Contract between Investment Grade Bond Portfolio and Fidelity Management & Research Company dated January 1, 1993, is filed herein as Exhibit 5(b).

(c) Sub-Advisory Agreement between Fidelity Management & Research Company and Fidelity Management & Research (U.K.) Inc. on behalf of Asset Manager Portfolio dated January 1, 1990 is filed herein as Exhibit 5(c).

(d) Sub-Advisory Agreement between Fidelity Management & Research Company and Fidelity Management & Research (Far East) Inc. on behalf of Asset Manager Portfolio dated January 1, 1990 is filed herein as Exhibit 5(d).

(e) Management Contract between Asset Manager Portfolio and Fidelity Management & Research Company dated January 1, 1993, is filed herein as Exhibit 5(e).

(f) Sub-Advisory Agreement between Fidelity Management & Research Company and Fidelity Management & Research (U.K.) Inc. on behalf of Asset Manager: Growth Portfolio, dated December 1, 1994, is filed herein as Exhibit 5(f).

(g) Sub-Advisory Agreement between Fidelity Management & Research Company and Fidelity Management & Research (Far East) Inc. on behalf of Asset Manager: Growth Portfolio, dated December 1, 1994, is filed herein as Exhibit 5(g).

(h) Management Contract between Asset Manager: Growth Portfolio and Fidelity Management & Research Company dated November 1, 1994, is incorporated herein by reference as Exhibit 5(h) to Post-Effective Amendment No. 16.

(i) Management Contract between Contrafund Portfolio and Fidelity Management & Research Company dated November 1, 1994, is incorporated herein by reference as Exhibit 5(i) to Post-Effective Amendment No. 16.

(j) Sub-Advisory Agreement between Fidelity Management & Research Company and Fidelity Management & Research (U.K.) Inc. on behalf of Contrafund Portfolio, dated December 1, 1994, is filed herein as Exhibit 5(j).

(k) Sub-Advisory Agreement between Fidelity Management & Research Company and Fidelity Management & Research (Far East) Inc. on behalf of Contrafund Portfolio, dated December 1. 1994, is filed herein as Exhibit 5(k).

(6) (a) General Distribution Agreement between Short-Term Portfolio and Fidelity Distributors Corporation dated November 11, 1988, is filed herein as Exhibit 6(a).

(b) General Distribution Agreement between Asset Manager Portfolio and Fidelity Distributors Corporation dated August 31, 1989, is filed herein as Exhibit 6(b).

(c) General Distribution Agreement between Index 500 Portfolio and Fidelity Distributors Corporation dated August 27, 1992, is filed herein as Exhibit 6(c).

(d) General Distribution Agreement between Asset Manager: Growth Portfolio and Fidelity Distributors Corporation dated December 1, 1994, is filed herein as Exhibit 6(d).

(e) General Distribution Agreement between Contrafund Portfolio and Fidelity Distributors Corporation dated December 1, 1994, is filed herein as Exhibit 6(e).

(7) Retirement Plan for Non-Interested Person Trustees, Directors or General Partners, effective August 1, 1993, is incorporated herein by reference to Exhibit 7 to Fidelity Union Street Trust's Post-Effective Amendment No. 87 (File No. 2-50318).

(8) (a) Custodian Agreement, Appendix A, and Appendix C, dated December 1, 1994, between The Bank of New York and Variable Insurance Products Fund II on behalf of Investment Grade Bond Portfolio is incorporated herein by reference to Exhibit 8(a) to Fidelity Hereford Street Trust's Post-Effective Amendment No. 4 (File No. 33-52577).

(b) Appendix B, dated April 20, 1995, to the Custodian Agreement, dated December 1, 1994, between The Bank of New York and Variable Insurance Products Fund II on behalf of Investment Grade Bond Portfolio is incorporated herein by reference to Exhibit 8(b) to Fidelity Hereford Street Trust's Post-Effective Amendment No. 5 (File No. 33-52577).

(c) Custodian Agreement, Appendix A, and Appendix C, dated August 1, 1994, between The Chase Manhattan Bank, N.A. and Variable Insurance Products Fund II on behalf of Asset Manager Portfolio and Asset Manager: Growth Portfolio is incorporated herein by reference to Exhibit 8(a) to Fidelity Investment Trust's Post-Effective Amendment No. 59 (File No. 2-90649).

(d) Appendix B, dated April 20, 1995, to the Custodian Agreement, dated August 1, 1994, between The Chase Manhattan Bank, N.A. and Variable Insurance Products Fund II on behalf of Asset Manager Portfolio and Asset Manager: Growth Portfolio is incorporated herein by reference to Exhibit 8(b) to Fidelity Investment Trust's Post-Effective Amendment No. 59 (File No. 2-90649).

(e) Custodian Agreement, Appendix A, and Appendix C, dated September 1, 1994, between Brown Brothers Harriman & Company and Variable Insurance Products Fund II on behalf of Index 500 Portfolio and Contrafund Portfolio is incorporated herein by reference to Exhibit 8(a) to Fidelity Commonwealth Trust's Post-Effective Amendment No. 56 (File No. 2-52322).

(f) Appendix B, dated December 15, 1994, to the Custodian Agreement, dated September 1, 1994, between Brown Brothers Harriman & Company and Variable Insurance Products Fund II on behalf of Index 500 Portfolio and Contrafund Portfolio is incorporated herein by reference to Exhibit 8(b) to Fidelity Commonwealth Trust's Post-Effective Amendment No. 56 (File No. 2-52322).

(9) None.

(10) None.

(11)(a) Consent of Price Waterhouse LLP is filed herein as Exhibit 11(a).

(11)(b) Consent of Coopers & Lybrand L.L.P. is filed herein as Exhibit 11(b).

(12) None.

(13) None.

(14) None.

(15) (a) Distribution and Service Plan pursuant to Rule 12b-1 for Short-Term Portfolio is incorporated herein by reference to Exhibit 15 to Pre-Effective Amendment No. 2.

(b) Distribution and Service Plan pursuant to Rule 12b-1 for Asset Manager Portfolio is incorporated herein by reference to Exhibit 15(b) to Post-Effective Amendment No. 3.

(c) Distribution and Service Plan pursuant to Rule 12b-1 for Index 500 Portfolio is incorporated herein by reference to Exhibit 15(c) to Post-Effective Amendment No. 8.

(d) Distribution and Service Plan pursuant to Rule 12b-1 for Asset Manager: Growth Portfolio is incorporated herein by reference to Exhibit 15(d) to Post-Effective Amendment No. 14.

(e) Distribution and Service Plan pursuant to Rule 12b-1 for Contrafund Portfolio is incorporated herein by reference to Exhibit 15(e) to Post-Effective Amendment No. 14.

(16) Schedule for Computation of performance quotations is incorporated herein by reference and was filed as Exhibit 16 to Post-Effective Amendment No. 10.

(a) A schedule for the computation of a moving average (using Asset Manager Portfolio as an example) is incorporated herein by reference and was filed as Exhibit 16(a) to Post Effective Amendment No. 14.

(17) Financial Data Schedules are filed herein as Exhibit 17.

(18) Not Applicable.

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

The Board of Trustees of Registrant is the same as the Board of Trustees of other funds advised by Fidelity Management & Research Company ("FMR"). In addition, the officers of these funds are substantially identical.

Registrant takes the position that it is not under common control with any of the above funds since the power residing in the respective companies, boards and officers arises in each instance as the result of an official position with the respective funds.

Item 26. Number of Holders of Securities

June 30, 1995

Title of Class	Number of Record Holders
Investment Grade Bond Portfolio	33
Asset Manager Portfolio	89
Index 500 Portfolio	42
Asset Manager: Growth Portfolio	10

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., 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., Fidelity Management & Research (U.K.) Inc., and Fidelity Management & Research (Far East) Inc.; Senior Vice President and Trustee of funds advised by FMR.
Peter S. Lynch	Vice Chairman and Director of FMR.
Robert Beckwitt	Vice President of FMR and of funds advised by FMR.
David Breazzano	Vice President of FMR (1993) and of a fund advised by FMR.
Stephan Campbell	Vice President of FMR (1993).
Dwight Churchill	Vice President of FMR (1993).
William 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 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.
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.
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.
Michael S. Gray	Vice President of FMR and of funds advised by FMR.
Lawrence Greenberg	Vice President of FMR (1993).
Barry A. Greenfield	Vice President of FMR and of a fund advised by FMR.
William J. Hayes	Senior Vice President of FMR; Equity Division Leader.
Robert Haber	Vice President of FMR and of funds advised by FMR.
Richard Haberman	Senior Vice President of FMR (1993).
Daniel Harmetz	Vice President of FMR and of a fund advised by FMR.
Ellen S. Heller	Vice President of FMR.

</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; and Director of Technical Research.
Stephen P. Jonas	Treasurer and Vice President of FMR (1993)); Treasurer of FMR Texas Inc. (1993), Fidelity Management & Research (U.K.) Inc. (1993), and Fidelity Management & Research (Far East) Inc. (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 Division 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 and of funds advised by FMR.
Malcolm W. MacNaught III	Vice President of FMR (1993).
Robert H. Morrison	Vice President of FMR and Director of Equity Trading.
David Murphy	Vice President of FMR and of funds advised by FMR.
Andrew Offit	Vice President of FMR (1993).
Judy Pagliuca	Vice President of FMR (1993).
Jacques Perold	Vice President of FMR.
Anne Punzak	Vice President of FMR and of funds advised by FMR.
Lee Sandwen	Vice President of FMR (1993).
Patricia A. Satterthwaite	Vice President of FMR (1993) and of a fund advised by FMR.
Thomas T. Soviero	Vice President of FMR (1993).
Robert E. Stansky	Senior Vice President of FMR (1993) and of funds advised by FMR.
Gary L. Swayze	Vice President of FMR and of funds advised by FMR; and Tax-Free Fixed-Income Group Leader.
Thomas Sweeney	Vice President of FMR (1993).
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.
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) FIDELITY MANAGEMENT & RESEARCH (U.K.) INC. (FMR U.K.)
FMR U.K. provides investment advisory services to Fidelity Management & Research Company and Fidelity Management Trust 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>	<C>
Edward C. Johnson 3d	Chairman and Director of FMR U.K.; Chairman of the Executive Committee of FMR; Chief Executive Officer of FMR Corp.; Chairman of the Board and a Director of FMR, FMR Corp., FMR Texas Inc., and Fidelity Management & Research (Far East) Inc.; President and Trustee of funds advised by FMR.
J. Gary Burkhead	President and Director of FMR U.K.; President of FMR; Managing Director of FMR Corp.; President and a Director of FMR Texas Inc. and Fidelity Management & Research (Far East) Inc.; Senior Vice President and Trustee of funds advised by FMR.
Richard C. Habermann	Senior Vice President of FMR U.K.; Senior Vice President of Fidelity Management & Research (Far East) Inc.; Director of Worldwide Research of FMR.
Rick Spillane	Senior Vice President and Director of Operations and Compliance of FMR U.K. (1993).
Stephen P. Jonas	Treasurer of FMR U.K. (1993), Fidelity Management & Research (Far East) Inc. (1993), and FMR Texas Inc. (1993); and Treasurer and Vice President of FMR (1993).
David Weinstein	Clerk of FMR U.K.; Clerk of Fidelity Management & Research (Far East) Inc.; Secretary of FMR Texas Inc.

</TABLE>

(3) FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC. (FMR Far East)
FMR Far East provides investment advisory services to Fidelity Management & Research Company and Fidelity Management Trust 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>	<C>
Edward C. Johnson 3d	Chairman and Director of FMR Far East; Chairman of the Executive Committee of FMR; Chief Executive Officer of FMR Corp.; Chairman of the Board and a Director of FMR, FMR Corp., FMR Texas Inc. and Fidelity Management & Research (U.K.) Inc.; President and Trustee of funds advised by FMR.
J. Gary Burkhead	President and Director of FMR Far East; President of FMR; Managing Director of FMR Corp.; President and a Director of FMR Texas Inc. and Fidelity Management & Research (U.K.) Inc.; Senior Vice President and Trustee of funds advised by FMR.
Richard C. Habermann	Senior Vice President of FMR Far East; Senior Vice President of Fidelity Management & Research (U.K.) Inc.; Director of Worldwide Research of FMR.
William R. Ebsworth	Vice President of FMR Far East.
Bill Wilder	Vice President of FMR Far East (1993).
Stephen P. Jonas	Treasurer of FMR Far East (1993), Fidelity Management & Research (U.K.) Inc. (1993), and FMR Texas Inc. (1993); and Treasurer and Vice President of FMR (1993).
David C. Weinstein	Clerk of FMR Far East; Clerk of Fidelity Management & Research (U.K.) Inc.; Secretary of FMR Texas 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:
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 funds' respective custodian The Bank of New York, 110 Washington Street, New York, N.Y.; The Chase Manhattan Bank, 1211 Avenue of the Americas, New York, N.Y.; and Brown Brothers Harriman & Co., 40 Water Street, Boston, MA.
Item 31. Management Services - Not applicable.
Item 32. Undertakings
The Registrant undertakes (1) to call a meeting of shareholders for the purpose of voting upon the questions of removal of a trustee or trustees,

when requested to do so by record holders of not less than 10% of its outstanding shares; and (2) to assist in communications with other shareholders pursuant to Section 16(c)(1) and (2), whenever shareholders meeting the qualifications set forth in Section 16(c) seek the opportunity to communicate with other shareholders with a view toward requesting a meeting.

The Registrant, provided the information required by Item 5A is contained in the annual report, undertakes to furnish to each person to whom a prospectus has been delivered, upon their request and without charge, a copy of the Registrant's latest annual report to shareholders.

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. 17 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, and Commonwealth of Massachusetts, on the 28th day of July 1995.

VARIABLE INSURANCE PRODUCTS FUND II

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	July 28, 1995
Edward C. Johnson 3d	(Principal Executive Officer)	

</TABLE>

/s/Kenneth A. Rathgeber Treasurer July 28, 1995

Kenneth A. Rathgeber

/s/J. Gary Burkhead Trustee July 28, 1995

J. Gary Burkhead

/s/Ralph F. Cox * Trustee July 28, 1995

Ralph F. Cox

/s/Phyllis Burke Davis * Trustee July 28, 1995

Phyllis Burke Davis

/s/Richard J. Flynn * Trustee July 28, 1995

Richard J. Flynn

/s/E. Bradley Jones * Trustee July 28, 1995

E. Bradley Jones

/s/Donald J. Kirk * Trustee July 28, 1995

Donald J. Kirk

/s/Peter S. Lynch * Trustee July 28, 1995

Peter S. Lynch

/s/Edward H. Malone * Trustee July 28, 1995

Edward H. Malone

/s/Marvin L. Mann_____* Trustee July 28, 1995

Marvin L. Mann

/s/Gerald C. McDonough* Trustee July 28, 1995

Gerald C. McDonough

/s/Thomas R. Williams * Trustee July 28, 1995

Thomas R. Williams

(dagger) Signatures affixed by J. Gary Burkhead pursuant to a power of attorney dated December 15, 1994 and filed herewith.
* Signature affixed by Robert C. Hacker pursuant to a power of attorney dated December 15, 1994 and filed herewith.

POWER OF ATTORNEY

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

<TABLE>
<CAPTION>

<S>	<C>
Fidelity Advisor Annuity Fund	Fidelity Income Fund
Fidelity Advisor Series I	Fidelity Institutional Trust
Fidelity Advisor Series II	Fidelity Investment Trust
Fidelity Advisor Series III	Fidelity Magellan Fund
Fidelity Advisor Series IV	Fidelity Massachusetts Municipal Trust
Fidelity Advisor Series V	Fidelity Mt. Vernon Street Trust
Fidelity Advisor Series VI	Fidelity Municipal Trust
Fidelity Advisor Series VII	Fidelity New York Municipal Trust
Fidelity Advisor Series VIII	Fidelity Puritan Trust
Fidelity California Municipal Trust	Fidelity School Street Trust
Fidelity Capital Trust	Fidelity Securities Fund
Fidelity Charles Street Trust	Fidelity Select Portfolios
Fidelity Commonwealth Trust	Fidelity Sterling Performance Portfolio, L.P.
Fidelity Congress Street Fund	Fidelity Summer Street Trust
Fidelity Contrafund	Fidelity Trend Fund
Fidelity Corporate Trust	Fidelity U.S. Investments-Bond Fund, L.P.
Fidelity Court Street Trust	Fidelity U.S. Investments-Government Securities Fund, L.P.
Fidelity Deutsche Mark Performance Portfolio, L.P.	Fidelity Union Street Trust
Fidelity Devonshire Trust	Fidelity Yen Performance Portfolio, L.P.
Fidelity Exchange Fund	Spartan U.S. Treasury Money Market Fund
Fidelity Financial Trust	
Fidelity Fixed-Income Trust	Variable Insurance Products Fund
Fidelity Government Securities Fund	Variable Insurance Products Fund II
Fidelity Hastings Street Trust	

</TABLE>

plus any other investment company for which Fidelity Management & Research Company acts as investment adviser and for which the undersigned individuals serve as Board Members (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 A. Djinis, each of them singly, our true and lawful attorneys-in-fact, with full power of substitution, and with full power to each of them, to sign for us and in our names in the appropriate capacities, all Pre-Effective Amendments to any Registration Statements of the Funds, any and all subsequent Post-Effective Amendments to said Registration Statements, any Registration Statements on Form N-14, and any supplements or other instruments in connection therewith, and generally to do all such things in our names 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 attorneys-in-fact or their substitutes may do or cause to be done by virtue hereof.

WITNESS our hands on this fifteenth day of December, 1994.

/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

POWER OF ATTORNEY

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

<TABLE>
<CAPTION>

<S>	<C>
Fidelity Advisor Annuity Fund	Fidelity Institutional Trust
Fidelity Advisor Series I	Fidelity Investment Trust
Fidelity Advisor Series II	Fidelity Magellan Fund
Fidelity Advisor Series III	Fidelity Massachusetts Municipal Trust
Fidelity Advisor Series IV	Fidelity Money Market Trust
Fidelity Advisor Series V	Fidelity Mt. Vernon Street Trust
Fidelity Advisor Series VI	Fidelity Municipal Trust
Fidelity Advisor Series VII	Fidelity New York Municipal Trust
Fidelity Advisor Series VIII	Fidelity Puritan Trust
Fidelity California Municipal Trust	Fidelity School Street Trust
Fidelity Capital Trust	Fidelity Securities Fund
Fidelity Charles Street Trust	Fidelity Select Portfolios
Fidelity Commonwealth Trust	Fidelity Sterling Performance Portfolio, L.P.
Fidelity Congress Street Fund	Fidelity Summer Street Trust
Fidelity Contrafund	Fidelity Trend Fund
Fidelity Corporate Trust	Fidelity U.S. Investments-Bond Fund, L.P.
Fidelity Court Street Trust	Fidelity U.S. Investments-Government Securities Fund, L.P.
Fidelity Destiny Portfolios	Fidelity Union Street Trust
Fidelity Deutsche Mark Performance Portfolio, L.P.	Fidelity Yen Performance Portfolio, L.P.
Fidelity Devonshire Trust	Spartan U.S. Treasury Money Market Fund
Fidelity Exchange Fund	Variable Insurance Products Fund
Fidelity Financial Trust	Variable Insurance Products Fund II
Fidelity Fixed-Income Trust	
Fidelity Government Securities Fund	
Fidelity Hastings Street Trust	
Fidelity Income Fund	

</TABLE>

plus 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, all Pre-Effective Amendments to any Registration Statements of the Funds, any and all subsequent Post-Effective Amendments to said Registration Statements, 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   December 15, 1994

Edward C. Johnson 3d

(2_FIDELITY_LOGOS)
VARIABLE INSURANCE PRODUCTS
FUND II
ASSET MANAGER: GROWTH PORTFOLIO
CONTRAFUND PORTFOLIO
SEMIANNUAL REPORT
JUNE 30, 1995
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THIS REPORT AND THE FINANCIAL STATEMENTS CONTAINED HEREIN ARE SUBMITTED FOR THE GENERAL INFORMATION OF THE SHAREHOLDERS OF THE FUNDS. THIS REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS IN THE FUNDS UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS. MUTUAL FUND SHARES ARE NOT
DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY DEPOSITORY INSTITUTION. SHARES ARE NOT INSURED BY THE FDIC, THE FEDERAL RESERVE BOARD OR ANY OTHER AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL. NEITHER THE FUNDS NOR FIDELITY DISTRIBUTORS CORPORATION IS A BANK.

MARKET ENVIRONMENT

U.S. STOCK MARKETS
To Come

FOREIGN STOCK MARKETS
To Come

U.S. BOND MARKETS
To Come

FOREIGN BOND MARKETS
To Come

VARIABLE INSURANCE PRODUCTS FUND II: ASSET MANAGER GROWTH PORTFOLIO
PERFORMANCE AND INVESTMENT SUMMARY

PERFORMANCE
There are several ways to evaluate a fund's historical performance: total percentage change in value, the average annual percentage change, or the growth of a hypothetical $10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (income) and capital gains (the profits the fund earns when it sells securities that have grown in value).

AVERAGE ANNUAL TOTAL RETURNS

PERIODS ENDED JUNE 30, 1995	LIFE OF FUND
ASSET MANAGER GROWTH	11.60%
S&P 500	20.20%
Consumer Price Index	1.87%

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

UNDERSTANDING PERFORMANCE
How a fund did yesterday is no guarantee of how it will do tomorrow. The stock market, for example, has a history of growth in the long run and volatility in the short run. In turn, the share price and return of a fund that invests in stocks will vary. That means if you sell your shares during a market downturn, you might lose money. But if you can ride out the market's ups and downs, you may have a gain.
(checkmark)
You can compare the fund's returns to those of the Standard & Poor's Composite Index of 500 Stocks - a common proxy for the U.S. stock market. This benchmark includes reinvested dividends and capital gains, if any.
Comparing the fund's performance to the consumer price index (CPI) helps show how your investment did compared to inflation. (The CPI returns begin on the month end closest to the fund's start date.)
Figures for more than one year assume a steady compounded rate of return and are not the fund's year-by-year results, which fluctuated over the periods shown. The life of fund figures are from commencement of operations, January 3, 1995.
PERFORMANCE NUMBERS ARE NET OF ALL FUND OPERATING EXPENSES, BUT DO NOT INCLUDE ANY INSURANCE CHARGES IMPOSED BY YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. IF PERFORMANCE INFORMATION INCLUDED THE EFFECT OF THESE ADDITIONAL CHARGES, IT WOULD HAVE BEEN LOWER.
Past performance is no guarantee of future results. Principal and investment return will vary and you may have a gain or loss when you withdraw your money.

$10,000 OVER LIFE OF FUND

	VIP II: Asset Mgr:	Standard & Poor's	Fidelity Aggressiv
01/31/95	10000.00	10000.00	10000.00
02/28/95	10149.70	10389.70	10319.41
03/31/95	10289.42	10696.30	10539.38
04/30/95	10558.88	11011.31	10785.08
05/31/95	10708.58	11451.43	11198.64
06/30/95	11137.72	11717.44	11396.90

Let's say you invested $10,000 in Asset Manager Growth Portfolio on January 31, 1995, shortly after the fund began. By June 30, 1995, your investment would have grown to $11,138 - an 11.38% increase. That compares to $10,000 invested in the S&P 500, which would have grown to $11,717 over the same

period - a 17.17% increase.
You can also look at how the Aggressive Asset Allocation Composite Index, a hypothetical combination of unmanaged indices, did over the same period. Reflecting the fund's neutral mix of 65% stocks, 30% bonds, and 5% short-term instruments, this index combines returns from the S&P 500 (86.21%), Lehman Brothers Treasury Bond Index (65.62%), and the Salomon Brothers 3-month T-Bill Total Rate of Return Index (33.25%). With reinvested dividends and capital gains, if any, a $10,000 investment in the index would have grown to $11,397 - a 13.97% increase.

INVESTMENT SUMMARY

TOP FIVE STOCKS AS OF JUNE 30, 1995

	% OF FUND'S INVESTMENTS
Chrysler Corp.	4.3
General Motors Corp.	4.3
Compaq Computer Corp.	3.3
IVF America, Inc.	3.1
LXT Corp.	2.7

TOP FIVE FIXED-INCOME SECURITIES AS OF JUNE 30, 1995

(BY ISSUER, EXCLUDING REPURCHASE AGREEMENTS)	% OF FUND'S INVESTMENTS
Technology	18.0
Health	12.6
Durables	11.3
Energy	8.5
Finance	4.5

ASSET ALLOCATION AS OF JUNE 30, 1995*
Row: 1, Col: 1, Value: 26.0
Row: 1, Col: 2, Value: 37.0
Row: 1, Col: 3, Value: 37.0
Stock class 79.8%
Bond class 20.2%
Short-term class
and other 0.0%
FOREIGN INVESTMENTS 18.7%
*
ASSET ALLOCATIONS IN THIS PIE CHART REFLECT THE CATEGORIZATION OF ASSETS AS DEFINED IN THE FUND'S PROSPECTUS. FINANCIAL STATEMENT CATEGORIZATIONS CONFORM TO ACCOUNTING STANDARDS AND WILL DIFFER FROM THE PIE CHART.

VARIABLE INSURANCE PRODUCTS FUND: ASSET MANAGER GROWTH PORTFOLIO

FUND TALK: THE MANAGER'S OVERVIEW

An interview with
Andy Offit, Portfolio Manager of Asset
Manager: Growth Portfolio

Q. ANDY, HOW DID THE FUND PERFORM?

A. Asset Manager: Growth began operating in January and got off to a fast start, thanks to a strong showing by U.S. stocks and bonds during the first half of 1995. That said, two factors prevented the fund from posting even larger gains. One was the amount of time it took to put the fund's assets to work. That's an unavoidable aspect of starting a new fund, and should be less of a factor going forward. The other was the fund's 10% stake in foreign stocks and bonds, which underperformed during the period. Foreign stocks are an important element in the fund's diversification strategy. While they've held the fund back so far this year, that could easily change in the months ahead.

Q. HOW WERE THE FUND'S ASSETS DISTRIBUTED AT THE END OF THE PERIOD?

A. As of June 30, 1995, about 75% of the fund's assets were stocks, 20% bonds and 5% cash. That's an aggressive mix, compared to the fund's neutral mix of 65% stocks, 30% bonds and 5% cash. By loading up on stocks, I've tried to participate as much as possible in the stock-market surge that began last winter, yet still preserve some diversity in the fund's holdings. Asset Manager: Growth has the flexibility to invest as much as 100% of its assets in either stocks, bonds or cash, as conditions warrant. Ordinarily, however, I'll seek to diversify the fund's holdings. Through diversification among foreign and domestic securities, as well as among stocks and bonds, my goal is to achieve above-average returns with below-average volatility.

Q. WHAT KIND OF STOCKS HAVE YOU BEEN BUYING?
A. Many of the names at the top of the list were large, well-known companies, including Intel and Compaq, which have surged lately with the rest of the technology sector; automakers Chrysler and GM, which have the potential to post earning surprises even in a slow-growth economy; and Polaroid, which is a restructuring story. A little further down the list, however, were a number of small-cap stocks that have had a disproportionate impact on performance. One of my favorites has been IVF America, a health-care company that specializes in treating infertility problems. IVF America recently brought in new management and is growing fast by acquiring existing clinics and doctors, practices. General Host owns tree nurseries; sales have started to grow since it, too, brought in new management. One small-cap stock that has not worked out well so far is WMS Industries. It makes video games and is planning an expansion into gambling through its pending acquisition of Bally, a casino operator. The stock is down year-to-date on depressed earnings.
Q. WHERE WERE THE FUND'S FOREIGN INVESTMENTS?
A. Mostly in Japan, about TK% overall. The Japanese market reached a six-year low at the end of June but the future looks promising. The yen appears to have stabilized, and Japanese consumers, with their high savings rate, have the resources to help fuel a recovery at the first sign of strength in the economy. If the Japanese economy improves, among the likely beneficiaries would be two consumer electronics companies whose stock the fund owns: Hitachi and Mitsubishi Electric. Both have strong balance sheets and are debt-free. Another TK% of the fund's assets was in emerging markets, mostly in Latin America.
Q. HOW DID YOU DISTRIBUTE THE FUND'S FIXED INCOME INVESTMENTS?
A. About half were ten-year U.S. Treasury bonds; in the current environment, they seem to offer the best balance between yield and the potential for price gain, without the added risk of longer-term bonds. Junk bonds, which carry credit ratings of BB or lower and offer a higher yield to compensate for the extra credit risk, were TK% of the funds assets.
Q. WHAT'S YOUR OUTLOOK?
A.

FUND FACTS
GOAL:
START DATE:
SIZE: as of June 30, 1995, more than $TK million
MANAGER:
(checkmark)
VARIABLE INSURANCE PRODUCTS FUND II: ASSET MANAGER GROWTH PORTFOLIO
INVESTMENTS JUNE 30, 1995 (UNAUDITED)

Showing Percentage of Total Value of Investment in Securities

COMMON STOCKS - 79.8%

	SHARES	VALUE (NOTE 1)
AEROSPACE & DEFENSE - 0.8%		
Northrop Corp.	5,200	$ 271,050
BASIC INDUSTRIES - 3.2%		
CHEMICALS & PLASTICS - 2.2%		
Grace (W.R.) & Co.	10,400	638,300
Rhodia Ster SA GDR (a)(d)	7,000	96,250
		734,550
PAPER & FOREST PRODUCTS - 1.0%		
Klabin Industria de Papel e Celulose PN	3,200	4,525
Land & General BHD	500	1,671
Stone Container Corp. (a)	15,000	317,352
		323,548
TOTAL BASIC INDUSTRIES		1,058,098
CONSTRUCTION & REAL ESTATE - 1.1%		
REAL ESTATE INVESTMENT TRUSTS - 1.1%		
Capstead Mortgage Corp.	10,000	268,750
Innkeepers USA Trust	10,000	88,750
TOTAL CONSTRUCTION & REAL ESTATE		357,500
DURABLES - 10.5%		
AUTOS, TIRES, & ACCESSORIES - 9.0%		
Chrysler Corp.	30,000	1,436,250
General Motors Corp.	30,000	1,406,250
Honda Motor Co. Ltd.	7,000	107,501
Mirgor Sacifia Class C sponsored ADR (a)(d)	10,000	20,000
		2,970,001
CONSUMER DURABLES - 0.1%		
Libbey, Inc.	2,000	41,500
CONSUMER ELECTRONICS - 0.8%		
Brasmotor PN	550,000	101,712
Sony Corp.	3,300	158,665
		260,377
TEXTILES & APPAREL - 0.6%		
Alpargatas SA Industrias Y Comercial (Reg.) (a)	355,000	136,711

Sao Paulo Alpargatas SA (pfd. shares) 330,000 52,054
  188,765
TOTAL DURABLES   3,460,643
ENERGY - 8.6%
ENERGY SERVICES - 6.7%
BJ Services Co. (a) 20,000 455,000
Baker Hughes, Inc.   15,400 315,700
ENSCO International, Inc. (a)   9,200 146,050
Hornbeck Offshore Services, Inc. (a) 13,700 215,775
Reading & Bates Corp. (a) 86,600 801,050
Tidewater, Inc.   10,400 261,300
  2,194,875
OIL & GAS - 1.9%
Canada Occidental Petroleum Ltd.   15,200 472,058
Petrobras PN (Pfd. Reg.) 2,000,000 169,700
  641,758
TOTAL ENERGY   2,836,633

 SHARES VALUE (NOTE 1)
FINANCE - 4.6%
BANKS - 0.6%
Hong Leong Bank BHD (a) 35,000 $ 110,542
MLF Bancorp, Inc.   5,000 96,250
  206,792
CLOSED END INVESTMENT COMPANY - 1.3%
First Phillipine Fund 5,000 83,750
Jardine Fleming India Fund 10,000 116,250
Korea Fund, Inc. (a) 6,250 122,656
R.O.C. Taiwan Fund (SBI) (a) 10,000 110,000
  432,656
SAVINGS & LOANS - 2.2%
Co-Operative Bank of Concord 15,000 255,000
First Federal Savings & Loan Assn. 3,400 68,850
FirstFed Michigan Corp.   11,000 308,000
Standard Financial, Inc. (a) 5,500 72,875
  704,725
SECURITIES INDUSTRY - 0.5%
Bear Stearns Companies, Inc.   6,615 141,396
Nomura Securities Co. Ltd.   1,000 17,484
  158,880
TOTAL FINANCE   1,503,053
HEALTH - 12.6%
DRUGS & PHARMACEUTICALS - 5.8%
Amgen, Inc. (a) 10,000 804,375
Biogen, Inc. (a) 17,290 769,405
Cytel Corp. (a) 5,000 30,000
Gensia Pharmaceuticals, Inc. (a) 35,000 131,250
Gilead Sciences, Inc. (a) 10,300 181,538
Magainin Pharmaceuticals, Inc. (a) 500 3,438
  1,920,006
MEDICAL EQUIPMENT & SUPPLIES - 3.3%
Advanced Medical, Inc. (a) 91,100 239,138
Cardiac Control Systems, Inc.   25,000 103,125
Corvita Corp. (a) 50,000 262,500
I-Stat Corp. (a) 3,400 124,100
U.S. Surgical Corp.   17,000 354,875
  1,083,738
MEDICAL FACILITIES MANAGEMENT - 3.5%
Huntingdon International Holdings
 PLC Ord.   175,000 159,052
IVF America, Inc. (a)(e)   425,500 1,010,563
  1,169,615
TOTAL HEALTH   4,173,359
HOLDING COMPANIES - 0.2%
U.S. Industries, Inc. (a) (W.I.) 6,000 81,750
INDUSTRIAL MACHINERY & EQUIPMENT - 2.4%
ELECTRICAL EQUIPMENT - 1.4%
Mitsubishi Electric Co. Ord.   29,000 204,182
Omron Corp.   14,000 267,927
  472,109
INDUSTRIAL MACHINERY & EQUIPMENT - 1.0%
Thermwood Corp. (a) 208,000 312,000
TOTAL INDUSTRIAL MACHINERY & EQUIPMENT   784,109
COMMON STOCKS - CONTINUED
 SHARES VALUE (NOTE 1)
MEDIA & LEISURE - 4.4%
ENTERTAINMENT - 0.8%
All American Communications (a) 25,900 $ 271,950
LEISURE DURABLES & TOYS - 1.3%
Russ Berrie & Co., Inc.   31,700 439,838
LODGING & GAMING - 1.2%
WMS Industries, Inc.   20,000 392,500
PUBLISHING - 1.1%
Score Board, Inc. (a) 60,000 345,000
TOTAL MEDIA & LEISURE   1,449,288

NONDURABLES - 3.0%
BEVERAGES - 0.4%
Brahma (Cia Cervejaria) PN Class B
(Pfd. Reg.) 316,000 103,812
Panamerican Beverages, Inc. Class A 1,100 33,000
136,812
FOODS - 1.9%
Chock Full-O-Nuts Corp. 90,000 618,750
TOBACCO - 0.7%
Souza Cruz Industria Comerico 30,000 226,815
TOTAL NONDURABLES 982,377
PRECIOUS METALS - 0.3%
Naxos Resources Ltd. (a) 60,000 114,973
RETAIL & WHOLESALE - 9.2%
APPAREL STORES - 2.2%
Gymboree Corp. (a) 4,100 119,156
Talbots, Inc. 15,000 596,250
715,406
GENERAL MERCHANDISE STORES - 2.8%
General Host Corp. 112,690 690,226
Proffitts, Inc. (a) 8,300 246,925
937,151
RETAIL & WHOLESALE, MISCELLANEOUS - 4.2%
Amway Japan Ltd. 4,700 172,120
Pier 1 Imports, Inc. 75,875 701,844
Sotheby's Holdings, Inc. Class A 25,400 346,075
Uny Co. Ltd. 11,000 176,728
1,396,767
TOTAL RETAIL & WHOLESALE 3,049,324
SERVICES - 0.4%
Western Atlas, Inc. (a) 3,200 142,000
TECHNOLOGY - 18.0%
COMMUNICATIONS EQUIPMENT - 1.5%
Lo Jack Corp. (a) 45,000 497,813
COMPUTER SERVICES & SOFTWARE - 3.7%
CompUSA, Inc. (a) 17,000 565,250
Novell, Inc. (a) 32,700 651,956
1,217,206
COMPUTERS & OFFICE EQUIPMENT - 4.3%
Amdahl Corp. (a) 15,300 170,213
Canon, Inc. 10,000 163,024
Compaq Computer Corp. (a) 23,900 1,084,463
1,417,700

SHARES VALUE (NOTE 1)
ELECTRONIC INSTRUMENTS - 2.7%
LTX Corp. (a) 100,000 $ 887,500
ELECTRONICS - 3.6%
Analog Devices, Inc. (a) 13,900 472,600
Hitachi Ltd. 21,000 209,628
Kyocera Corp. 1,000 82,457
Nitto Denko Corp. 6,000 93,562
Ryoyo Electro Corp. Ord. 7,000 167,868
Rohm Co. Ltd. 3,000 155,227
1,181,342
PHOTOGRAPHIC EQUIPMENT - 2.2%
Fuji Photo Film Co. Ltd. 5,000 118,724
Polaroid Corp. 14,700 599,025
717,749
TOTAL TECHNOLOGY 5,919,310
UTILITIES - 0.5%
TELEPHONE SERVICES - 0.5%
Telebras PN (Pfd. Reg.) 2,934,000 96,705
Telesp PN (Pfd. Reg.) 437,000 54,188
TOTAL UTILITIES 150,893
TOTAL COMMON STOCKS
(Cost $24,203,242) 26,334,360
NONCONVERTIBLE PREFERRED STOCKS - 0.0%
BASIC INDUSTRIES - 0.0%
IRON & STEEL - 0.0%
COSIPA (CIA Sidurg Paulista) Class B (a) 3,000 4,993
ENERGY - 0.0%
OIL & GAS - 0.0%
Gulf Canada Resources Ltd.,
Series 1, adj. rate (d) 600 1,688
TOTAL NONCONVERTIBLE PREFERRED
STOCKS(Cost $7,090) 6,681
CONVERTIBLE BONDS - 2.5%
MOODY'S PRINCIPAL
RATINGS (C) AMOUNT (B)
AEROSPACE & DEFENSE - 0.8%
SHIP BUILDING & REPAIR - 0.8%
Samsung Heavy Industries Co. Ltd.
0.50%, 12/31/09 (d) - $ 250,000 258,750
INDUSTRIAL MACHINERY & EQUIPMENT - 1.7%

Thermwood Corp. 12%,
2/25/03 - 380,000 562,400
TOTAL CONVERTIBLE BONDS (Cost $630,000) 821,150
U.S. TREASURY OBLIGATIONS - 12.1%
6 1/4%, 2/15/03
(Cost $4,032,656) Aaa 4,000,000 4,010,640
FOREIGN GOVERNMENT OBLIGATIONS (F) - 5.6%
MOODY'S PRINCIPAL VALUE
RATINGS (C) AMOUNT (B) (NOTE 1)
Federal Repubic of Germany
6 1/2%, 7/15/03 Aaa DEM $400,000 $ 280,550
Treuhandanstalt:
6 5/8%, 7/9/03 AAA DEM 800,000 564,566
7 1/2%, 9/9/04 Aaa DEM 1,350,000 1,003,522
TOTAL FOREIGN GOVERNMENT OBLIGATIONS
(Cost $1,862,469) 1,848,638
TOTAL INVESTMENT IN SECURITIES - 100%
(Cost $30,735,457) $ 33,021,469
FORWARD FOREIGN CURRENCY CONTRACTS
SETTLEMENT UNREALIZED
DATE(S) VALUE GAIN/(LOSS)
CONTRACTS TO BUY
279,225 DEM 8/16/95 $ 202,525 $ 2,525
TOTAL CONTRACTS TO BUY
(Payable amount $200,000)
THE VALUE OF CONTRACTS TO BUY AS A PERCENTAGE OF TOTAL INVESTMENT IN
SECURITIES -- 0.6%
CONTRACTS TO SELL
279,225 DEM 8/16/95 $ 202,525 (4,809)
2,505,344 DEM 8/16/95 1,817,166 (43,147)
TOTAL CONTRACTS TO SELL
(Receivable amount $1,971,725) $2,019,691 (47,956)
THE VALUE OF CONTRACTS TO SELL AS A PERCENTAGE OF TOTAL INVESTMENT IN
SECURITIES - __%
$ (45,431)
CURRENCY ABBREVIATIONS
DEM - German deutsche mark
LEGEND
(a) Non-income producing
(b) Principal amount is stated in United States dollars unless otherwise noted.
(c) Standard & Poor's Corporation credit ratings are used in the absence of a rating by Moody's Investors Service, Inc.
(d) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At the period end, the value of these securities amounted to $376,688 or 1.1% of net assets.
(e) A company in which the fund has ownership of at least 5% of the voting securities is an affiliated company. A summary of the transactions during the period in which the issuers were affiliates is as follows:
PURCHASE SALES DIVIDEND MARKET
AFFILIATE COST COST INCOME VALUE
IVF America, Inc. (a) $ 234,375 - - $ 1,010,563
(f) Some foreign government obligations have not been individually rated by S&P or Moody's. The ratings listed are assigned to securities by FMR, the fund's investment adviser, based principally on S&P and Moody's ratings of the sovereign credit of the issuing government.
OTHER INFORMATION
Purchases and sales of securities, other than short-term securities, aggregated $45,175,673 and $18,766,297, respectively, of which U.S. government and government agency obligations aggregated $10,419,501 and $6,483,688, respectively.
The fund placed a portion of its portfolio transactions with brokerage firms which are affiliates of Fidelity Management & Research Company. The commissions paid to these affiliated firms were $18,535 for the period (see Note 5 of Notes to Financial Statements).
The composition of long-term debt holdings as a percentage of total value of investment in securities, is as follows (ratings are unaudited):
MOODY'S RATINGS S&P RATINGS
Aaa, Aa, A 17.7% AAA, AA, A 17.7%
Baa 0.0% BBB 0.0%
Ba 0.0% BB 0.0%
B 0.0% B 0.0%
Caa 0.0% CCC 0.0%
Ca, C 0.0% CC, C 0.0%
D 0.0%
The percentage not rated by either S&P or Moody's amounted to 2.5% including long-term debt categorized as other securities. FMR has determined that unrated debt securities that are lower quality account for 2.5% of the total value of investment in securities.
Distribution of investments by country of issue, as a percentage of total value of investment in securities, is as follows:
United States 80.4%
Japan 6.3

Germany	5.6
Brazil	2.8
Canada	1.8
Korea	1.2
Others (individually less than 1%)	1.9
TOTAL	100.0%

INCOME TAX INFORMATION

At June 30, 1995, the aggregate cost of investment securities for income tax purposes was $30,735,457. Net unrealized appreciation aggregated $2,286,012, of which $2,632,665 related to appreciated investment securities and $346,653purchases and sales of securities, other than short-term securities, aggrega related to depreciated investment securities.

VARIABLE INSURANCE PRODUCTS FUND II: ASSET MANAGER GROWTH

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

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JUNE 30, 1995		
ASSETS		
Investment in securities, at value (cost $30,735,457) - See accompanying schedule		$ 33,021,469
Receivable for investments sold		2,724,382
Unrealized appreciation on foreign currency contracts		2,525
Receivable for fund shares sold		106,917
Dividends receivable		26,289
Interest receivable		219,318
TOTAL ASSETS		36,100,900
LIABILITIES		
Payable to custodian bank	$ 88,211	
Payable for investments purchased	1,180,065	
Unrealized depreciation on foreign currency contracts	47,956	
Payable for fund shares redeemed	739	
Accrued management fee	16,508	
Other payables and accrued expenses	46,533	
TOTAL LIABILITIES		1,380,012
NET ASSETS		$ 34,720,888
Net Assets consist of:		
Paid in capital		$ 31,870,391
Undistributed net investment income		254,885
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions		352,234
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies		2,243,378
NET ASSETS, for 3,110,472 shares outstanding		$ 34,720,888
NET ASSET VALUE, offering price and redemption price per share ($34,720,888 (divided by) 3,110,472 shares)		$11.16

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STATEMENT OF OPERATIONS

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JANUARY 3, 1995
(COMMENCEMENT OF OPERATIONS) TO

JUNE 30, 1995

INVESTMENT INCOME Dividends		$ 58,043
Interest		306,413
TOTAL INCOME		364,456
EXPENSES		
Management fee	$ 75,203	
Transfer agent fees	5,204	
Accounting fees and expenses	22,329	
Non-interested trustees' compensation	14	
Custodian fees and expenses	39,626	
Registration fees	9,919	
Audit	13,616	
Legal	3	
Miscellaneous	31	
Total expenses before reductions	165,945	
Expense reductions	(56,374)	109,571
NET INVESTMENT INCOME		254,885
REALIZED AND UNREALIZED GAIN (LOSS) Net realized gain (loss) on:		
Investment securities	390,249	
Foreign currency transactions	(38,015)	352,234
Change in net unrealized appreciation (depreciation) on:		
Investment securities	2,286,012	
Assets and liabilities in foreign currencies	(42,634)	2,243,378
NET GAIN (LOSS)		2,595,612
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		$ 2,850,497

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STATEMENT OF CHANGES IN NET ASSETS

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<S>	<C> JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995
INCREASE (DECREASE) IN NET ASSETS	
Operations Net investment income	$ 254,885
Net realized gain (loss)	352,234
Change in net unrealized appreciation (depreciation)	2,243,378
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	2,850,497
Share transactions Net proceeds from sales of shares	35,002,983
Cost of shares redeemed	(3,132,592)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	31,870,391

TOTAL INCREASE (DECREASE) IN NET ASSETS	34,720,888
NET ASSETS	
Beginning of period	-
End of period (including undistributed net investment income of $254,885 and $-, respectively)	$ 34,720,888
OTHER INFORMATION Shares	
Sold	3,408,449
Redeemed	(297,977)
Net increase (decrease)	3,110,472

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SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

</TABLE>

FINANCIAL HIGHLIGHTS

	JANUARY 3, 1995, (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995
SELECTED PER-SHARE DATA	
Net asset value, beginning of period	$ 10.00
Income from Investment Operations	
Net investment income	.08
Net realized and unrealized gain (loss)	1.08
Total from investment operations	1.16
Net asset value, end of period	$ 11.16
TOTAL RETURN B	11.60%
RATIOS AND SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	$ 34,721
Ratio of expenses to average net assets	1.00% A
Ratio of expenses to average net assets before expense reductions	1.51% A
Ratio of net investment income to average net assets	2.33% A
Portfolio turnover rate	345% A

A ANNUALIZED
B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

VARIABLE INSURANCE PRODUCTS FUND II: CONTRAFUND PORTFOLIO
PERFORMANCE AND INVESTMENT SUMMARY

PERFORMANCE

There are several ways to evaluate a fund's historical performance: total percentage change in value, the average annual percentage change, or the growth of a hypothetical $10,000 investment. Each performance figure includes changes in a fund's share price, plus reinvestment of any dividends (income) and capital gains (the profits the fund earns when it sells stocks that have grown in value).

AVERAGE ANNUAL TOTAL RETURNS

PERIODS ENDED JUNE 30, 1995	LIFE OF FUND
CONTRAFUND	24.90%
S&P 500	20.20%

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

UNDERSTANDING PERFORMANCE

How a fund did yesterday is no guarantee of how it will do tomorrow. The stock market, for example, has a history of growth in the long run and volatility in the short run. In turn, the share price and return of a fund that invests in stocks will vary. That means if you sell your shares during a market downturn, you might lose money. But if you can ride out the market's ups and downs, you may have a gain.

(checkmark)

You can compare the fund's returns to the performance of the Standard & Poor's Composite Index of 500 Stocks - a common proxy for the U.S. stock market. This benchmark includes reinvested dividends and capital gains, if any.

Figures for more than one year assume a steady compounded rate of return and are not the fund's year-by-year results, which fluctuated over the periods shown. The life of fund figures are from commencement of operations, January 3, 1995.

The adviser has voluntarily agreed to limit the expenses of the fund to .28% of the fund's average net assets. If expenses had not been limited, returns would have been lower.

PERFORMANCE NUMBERS ARE NET OF ALL FUND OPERATING EXPENSES, BUT DO NOT INCLUDE ANY INSURANCE CHARGES IMPOSED BY YOUR INSURANCE COMPANY'S SEPARATE ACCOUNT. IF PERFORMANCE INFORMATION INCLUDED THE EFFECT OF THESE ADDITIONAL CHARGES, IT WOULD BE LOWER.

Past performance is no guarantee of future results. Principal and investment return will vary and you may have a gain or loss when you withdraw your money.

$10,000 OVER LIFE OF FUND

	VIP II: Contrafund	Standard & Poor's
01/03/95	10000.00	10000.00
01/31/95	9870.00	10258.23
02/28/95	10370.00	10658.00
03/31/95	10890.00	10972.51
04/30/95	11480.00	11295.66
05/31/95	11730.00	11747.14
06/30/95	12490.00	12020.03

Let's say you invested $10,000 in Contrafund Portfolio on January 3, 1995, when the fund started. By June 30, 1995, your investment would have grown to $12,490 - a 24.90% increase. With reinvested dividends and capital gains, if any, a $10,000 investment in the S&P 500 would have grown to $12,020 over the same period - a 20.20% increase.

INVESTMENT SUMMARY

TOP TEN STOCKS AS OF JUNE 30, 1995

	% OF FUND'S INVESTMENTS
International Business Machines Corp.	3.4
Intel Corp.	2.2
General Motors Corp.	2.0
Microsoft Corp.	1.8
Scott Paper Co.	1.1
Hewlett-Packard Co.	1.1
Silicon Valley Group, Inc.	0.9
Caterpillar, Inc.	0.9
Teradyne, Inc.	0.9
Philips Electronics NV	0.9

TOP TEN INDUSTRIES AS OF JUNE 30, 1995

	% OF FUND'S INVESTMENTS
Technology	32.3
Finance	14.2
Industrial Machinery & Equipment	5.9
Durables	4.2
Media & Leisure	3.5
Retail & Wholesale	3.5

Energy	3.4
Transportation	3.2
Aerospace & Defense	2.4
Services	2.1

VARIABLE INSURANCE PRODUCTS FUND: CONTRAFUND PORTFOLIO
FUND TALK: THE MANAGER'S OVERVIEW

An interview with
Will Danoff, Portfolio Manager of Contrafund Portfolio

Q. HOW HAS THE FUND PERFORMED, WILL?

A. Pretty well. For the six months ended June 30, 1995, the Standard & Poor's 500 index returned 20.06% and the fund did even better.

Q. WHAT FACTORS AFFECTED PERFORMANCE IN THE FIRST HALF OF THE YEAR?

A. The fund's heavy weighting in technology stocks, which performed strongly during the period, contributed significantly to the fund's results. The stock market rebounded smartly in the first six months of 1995, after moving sideways since the fall of 1993. During 1994, the Federal Reserve raised interest rates, which depressed stock valuations. So far in 1995, the economy has slowed, which has enabled interest rates to fall and stock prices to recover. Shares of growth companies performed particularly well in this environment because these companies can generally sustain their earnings growth rates despite the overall economy slowing.

Q. YOU MENTIONED TECHNOLOGY. THE FUND'S HOLDING IN THAT IS ALMOST 40% AS OF JUNE 30, 1995 . . .

A. With the price of computing continuing to fall and the functionality of computing rising, society is using computers with increasing frequency, both at work and home, throughout the world. Personal computer sales rose by more than 20% last year, and are expected to advance at a similar rate this year. Sales of workstations, mini-computers and even mainframes have also been strong. These robust hardware sales are in turn driving sales of components used to make computers, such as semiconductors, peripheral devices, such as printers, and software. For example, the Semiconductor Industry Association estimates that semiconductor sales growth will exceed 30% in 1995.

Q. HOW LONG CAN THE SECTOR SUSTAIN SUCH STRONG GROWTH?

A. Buoyed by strong sales, many technology companies are reporting outstanding earnings gains this year. Therefore, although share prices of many technology companies have appreciated sharply in the first half of the year, the valuation for many stocks in the sector based on expected earnings is still quite reasonable. For example, IBM, one of the fund's largest holdings, should double earnings this year and should be able to increase earnings 15-17% next year but is trading at less than eight times that 1996 estimate after adjusting for the company's cash. Similarly, Intel, also in the fund's top ten holdings, is selling at only ten times the 1996 earnings estimate despite expected growth of over 20% next year. So, even though stocks in the technology sector rose over 30% in the first half of the year, the outlook for these companies is still excellent.

Q. THE FUND'S INVESTMENTS IN THE FINANCIAL SECTOR ARE 15% OF THE FUND. WHAT'S YOUR THINKING?

A. Earlier this year, I realized that the U.S. economy was slowing. Housing starts began to fall, auto sales began to slow and inventories began to build. A slowing economy generally alleviates inflationary pressures in the economy and leads to lower interest rates. Therefore, I bought financial stocks, such as thrifts and consumer finance companies, whose earnings benefit from declining interest rates. The bet has paid off nicely as the financial stocks rose about 25% in the first half of the year.

Q. WHAT INVESTMENTS HAVEN'T WORKED OUT AS YOU WOULD HAVE LIKED?

A. Despite the good performance, the fund has had its share of disappointments this year. There were a few instances when I sold a stock too soon. I significantly reduced the fund's holding in Motorola when the company announced that its cellular telephone inventories had grown sharply. I thought that the excess inventories would lead to deceleration of the growth rate. However, the company is still doing very well and is a leader in wireless communications. In retrospect, I reduced the fund's position in Motorola too much - and too quickly.

Q. WHAT'S YOUR OUTLOOK FOR THE NEXT SIX MONTHS?

A. Even though the market has produced excellent returns so far this year, I am still bullish on the rest of 1995. With the economy weakening and inflation subdued, interest rates should continue to decline. Lower interest rates support higher stock valuations. Lower interest rates will also re-stimulate the economy, propelling corporate earnings higher. When the economy re accelerates, stocks of technology companies and economically sensitive companies, such as auto and machinery manufacturers, should perform particularly well. These U.S. companies are more efficient than ever and, with the dollar so weak, in many cases have the lowest cost structures in the world. These low costs coupled with steady worldwide economic growth should lead to improved profits and stock prices.

FUND FACTS
GOAL:
START DATE:
SIZE: as of June 30, 1995, more than $TK
million
MANAGER:
(checkmark)
VARIABLE INSURANCE PRODUCTS FUND II: CONTRAFUND PORTFOLIO
INVESTMENTS/JUNE 30, 1995 (UNAUDITED)

Showing Percentage of Total Value of Investment in Securities

COMMON STOCKS - 83.5%
 SHARES VALUE (NOTE 1)
AEROSPACE & DEFENSE - 2.4%
AEROSPACE & DEFENSE - 0.6%
C A E Industries Ltd.   100,000 $ 719,478
McDonnell Douglas Corp.   11,000 844,250
Special Devices, Inc. (a) 9,700 215,825
Sturm Ruger & Co., Inc.   11,700 381,713
  2,161,266
DEFENSE ELECTRONICS - 1.8%
Logicon, Inc.   53,400 2,376,300
Loral Corp.   45,000 2,328,750
Tracor, Inc. (a) 11,700 159,413
Trimble Navigation Ltd. (a) 16,700 473,863
Whittaker Corp. (a) 42,900 943,800
  6,282,126
TOTAL AEROSPACE & DEFENSE   8,443,392
BASIC INDUSTRIES - 2.5%
CHEMICALS & PLASTICS - 1.0%
Cambrex Corp.   20,000 675,000
Cytec Industries, Inc.   2,200 89,925
NL Industries, Inc.   15,000 200,625
Park Electrochemical Corp.   14,000 708,750
Potash Corp. of Saskatchewan (a) 22,500 1,258,197
Schulman (A.), Inc.   20,000 575,000
  3,507,497
METALS & MINING - 0.1%
Brush Wellman, Inc.   25,000 534,375
PAPER & FOREST PRODUCTS - 1.4%
James River Corp. of Virginia 30,000 828,750
Scott Paper Co.   80,000 3,960,000
  4,788,750
TOTAL BASIC INDUSTRIES   8,830,622
CONGLOMERATES - 0.6%
United Technologies Corp.   25,000 1,953,125
CONSTRUCTION & REAL ESTATE - 1.5%
BUILDING MATERIALS - 0.3%
Elcor Corp. (a) 11,600 258,100
USG Corp. (a) 42,000 997,500
  1,255,600
CONSTRUCTION - 0.4%
Pulte Corp.   45,800 1,282,400
REAL ESTATE INVESTMENT TRUSTS - 0.8%
Crescent Real Estate Equities, Inc.   30,000 956,250
Equity Residential Property Trust (SBI) 20,000 557,500
Storage Equities, Inc.   70,000 1,146,250
  2,660,000
TOTAL CONSTRUCTION & REAL ESTATE   5,198,000
DURABLES - 4.2%
AUTOS, TIRES, & ACCESSORIES - 2.9%
Allen Group, Inc. (The) 20,000 592,500
Chrysler Corp.   52,200 2,499,075
General Motors Corp.   150,000 7,031,250
  10,122,825
CONSUMER ELECTRONICS - 0.2%
Toro Co.   20,000 560,000

 SHARES VALUE (NOTE 1)
TEXTILES & APPAREL - 1.1%
Fila Holding S.p.A. sponsored ADR 24,800 $ 616,900
Guilford Mills, Inc.   17,800 433,875
Mohawk Industries, Inc. (a) 4,700 69,325
NIKE, Inc. Class B 10,000 840,000
Nine West Group, Inc. (a) 15,000 547,500
Oshkosh B'Gosh, Inc. Class A 90,000 1,440,000
  3,947,600
TOTAL DURABLES   14,630,425
ENERGY - 3.4%

ENERGY SERVICES - 1.9%
ENSCO International, Inc.   34,000 539,750
Halliburton Co.   20,000 715,000
Schlumberger Ltd.   25,000 1,553,125
Smith International, Inc. (a) 52,100 872,675
Sonat Offshore Drilling, Inc.   12,500 359,375
Tidewater, Inc.   104,600 2,628,075
6,668,000
INDEPENDENT POWER - 0.2%
Thermo Electron Corp. (a) 20,000 805,000
OIL & GAS - 1.3%
Anderson Exploration Ltd. (a) 100,000 1,010,929
Blue Range Resource Corp. Class A (a) 132,100 1,070,756
Camco International, Inc.   75,000 1,753,125
Rio Alto Exploration Ltd. (a)(b) 237,000 742,514
4,577,324
TOTAL ENERGY   12,050,324
FINANCE - 13.6%
BANKS - 2.7%
Bank of New York Co., Inc.   30,000 1,211,250
BankAmerica Corp.   35,000 1,841,875
Capital One Financial Corp.   30,000 585,000
Chase Manhattan Corp.   50,000 2,350,000
Chemical Banking Corp.   50,000 2,362,500
First Bank System, Inc.   20,000 820,000
First Security Corp.   10,000 280,000
9,450,625
CREDIT & OTHER FINANCE - 3.0%
Aames Financial Corp.   30,100 545,563
American Express Co.   65,000 2,283,125
AmeriCredit Corp. (a) 127,200 1,415,100
Beneficial Corp.   23,700 1,042,800
First USA, Inc.   25,000 1,109,375
Green Tree Acceptance, Inc.   31,000 1,375,625
Greenpoint Financial Corp.   4,400 103,950
Household International, Inc.   35,000 1,732,500
MBNA Corp.   30,000 1,012,500
10,620,538
FEDERAL SPONSORED CREDIT - 1.6%
Federal Home Loan Mortgage
Corporation 40,000 2,744,704
Federal National Mortgage Association 30,000 2,859,750
5,604,454
INSURANCE - 2.0%
Allstate Corp.   61,500 1,821,938
American International Group, Inc.   10,000 1,140,000
CIGNA Corp.   13,000 1,009,125
MGIC Investment Corp.   15,000 703,125
COMMON STOCKS - CONTINUED
SHARES VALUE (NOTE 1)
FINANCE - CONTINUED
INSURANCE - CONTINUED
SunAmerica, Inc.   28,600 $ 1,458,600
Travelers, Inc. (The) 26,000 1,137,500
7,270,288
SAVINGS & LOANS - 1.6%
Astoria Financial Corp. (a) 42,900 1,533,675
Collective Bancorp, Inc.   10,000 202,500
Golden West Financial Corp.   36,880 1,737,970
Great Western Financial Corp.   52,600 1,084,875
Long Island Bancorp, Inc.   55,000 1,045,000
5,604,020
SECURITIES INDUSTRY - 2.7%
Alex. Brown, Inc.   30,300 1,257,450
Edwards (A.G.), Inc.   50,000 1,125,000
Lehman Brothers Holdings, Inc.   26,600 581,875
Merrill Lynch & Co., Inc.   55,000 2,887,500
Morgan Stanley Group, Inc.   10,000 810,000
Quick & Reilly Group, Inc. (The) 76,050 2,756,813
9,418,638
TOTAL FINANCE   47,968,563
HEALTH - 2.1%
DRUGS & PHARMACEUTICALS - 0.5%
Circa Pharmaceuticals, Inc. (a) 20,000 637,500
North American Biologicals, Inc.   32,000 300,000
Serological Corp.   80,100 851,063
1,788,563
MEDICAL EQUIPMENT & SUPPLIES - 1.6%
Baxter International, Inc.   25,000 909,375
Becton Dickinson & Co.   20,000 1,165,000
Benson Eyecare Corp. (a) 50,000 506,250
Cardinal Health, Inc.   24,600 1,162,350
Coherent, Inc. (a) 28,000 822,500
Medtronic, Inc.   15,000 1,156,875
5,722,350

TOTAL HEALTH 7,510,913
INDUSTRIAL MACHINERY & EQUIPMENT - 5.9%
ELECTRICAL EQUIPMENT - 2.3%

Adflex Solutions (a)	35,000	857,500
Avid Technology, Inc. (a)	35,000	1,312,500
BMC Industries, Inc.	20,000	502,500
Computer Products, Inc.	142,000	887,500
Oak Industries, Inc.	44,900	1,156,175
Philips Electronics NV (a)	70,000	2,992,500
Telular Corp. (a)	30,000	517,500
		8,226,175

INDUSTRIAL MACHINERY & EQUIPMENT - 2.5%

AGCO Corp.	19,500	731,250
Cascade Corp.	43,100	689,600
Case Corp.	15,000	446,250
Caterpillar, Inc.	50,000	3,212,500
Commercial Intertech Corp.	2,100	33,600
Deere & Co.	11,000	941,875
IDEX Corp.	27,300	914,550
Semitool, Inc. (a)	27,000	864,000
Veeco Instruments, Inc. (a)	57,300	959,775
		8,793,400

	SHARES	VALUE (NOTE 1)
POLLUTION CONTROL - 1.1%		
Davis Water & Waste Industries, Inc.	22,900	$ 274,800
GNI Group, Inc. (a)	4,000	30,000
Sanifill, Inc. (a)	40,000	1,255,000
United Waste Systems, Inc. (a)	59,900	2,156,400
		3,716,200
TOTAL INDUSTRIAL MACHINERY & EQUIPMENT		20,735,775
MEDIA & LEISURE - 3.5%		
BROADCASTING - 1.5%		
Capital Cities/ABC, Inc.	13,900	1,457,763
Heritage Media Corp. Class A (a)	20,000	577,500
Lin Television Corp. (a)	15,000	504,375
People's Choice TV Corp.	56,700	1,424,588
Renaissance Communications Corp.	10,000	335,000
Saga Communications, Inc. Class A (a)	13,700	279,138
Viacom, Inc. Class A (a)	16,000	744,000
		5,322,364
ENTERTAINMENT - 0.5%		
Disney (Walt) Co.	20,000	1,112,500
Players International, Inc.	32,100	642,000
		1,754,500
LEISURE DURABLES & TOYS - 0.3%		
Champion Enterprises, Inc. (a)	58,400	927,100
LODGING & GAMING - 0.4%		
La Quinta Motor Inns, Inc.	19,600	529,200
Primadonna Resorts, Inc.	30,000	720,000
		1,249,200
PUBLISHING - 0.2%		
Pulitzer Publishing Co.	18,000	767,250
RESTAURANTS - 0.6%		
Buffets, Inc. (a)	25,000	343,750
DF&R Restaurants, Inc. (a)	60,000	1,327,500
Dave & Busters, Inc.	7,660	152,243
Outback Steakhouse, Inc. (a)	10,000	288,750
Rainforest Cafe, Inc.	10,300	134,673
		2,246,916
TOTAL MEDIA & LEISURE		12,267,330
NONDURABLES - 0.9%		
HOUSEHOLD PRODUCTS - 0.1%		
Alberto Culver Co. Class B	10,000	302,500
TOBACCO - 0.8%		
Philip Morris Companies, Inc.	40,000	2,975,000
TOTAL NONDURABLES		3,277,500
PRECIOUS METALS - 1.3%		
Barrick Gold Corp.	30,000	759,563
Free State Consolidated Gold Mines Ltd.:		
Ord.	129,200	1,652,651
ADR	50,000	618,750
Zapopan NL (a)	1,030,000	1,461,158
		4,492,122
RETAIL & WHOLESALE - 3.5%		
APPAREL STORES - 0.4%		
Cato Corp. Class A	74,700	606,938
Edison Brothers Stores, Inc.	38,300	459,600
Goody's Family Clothing	17,000	187,000
		1,253,538

COMMON STOCKS - CONTINUED

	SHARES	VALUE (NOTE 1)
RETAIL & WHOLESALE - CONTINUED		
DRUG STORES - 0.2%		

Revco (D.S.), Inc (a). 23,000 $ 552,000
GENERAL MERCHANDISE STORES - 0.4%
Dollar Tree Stores (a) 57,500 1,523,750
GROCERY STORES - 1.3%
Provigo, Inc. 106,400 629,872
Richfood Holdings, Inc. Class A 50,000 1,106,250
Rykoff-Sexton, Inc. 36,700 646,838
Safeway, Inc. (a) 45,000 1,681,875
Stop & Shop Companies, Inc. (a) 25,400 650,875
4,715,710
RETAIL & WHOLESALE, MISC - 1.2%
Fabri-Centers of America, Inc. (a) 32,000 664,000
Finlay Enterprises, Inc. 99,600 1,394,400
Global Directmail Corp. 3,800 75,050
Rag Shops, Inc. (a) 77,200 221,950
Tuesday Morning Corp. (a) 269,700 1,483,350
Williams-Sonoma, Inc. 20,000 435,000
4,273,750
TOTAL RETAIL & WHOLESALE 12,318,748
SERVICES - 2.1%
PRINTING - 0.5%
Bowne & Co., Inc. 41,100 703,838
Cadmus Communications Corp. 2,200 52,250
Devon Group, Inc. (a) 32,500 958,750
1,714,838
SERVICES - 1.6%
Block (H & R), Inc. 31,400 1,291,325
Comdata Holdings Corp. (a) 80,000 1,230,000
First Financial Management Corp. 25,000 2,137,500
Medaphis Corp. (a) 50,000 1,087,500
5,746,325
TOTAL SERVICES 7,461,163
TECHNOLOGY - 32.3%
COMMUNICATIONS EQUIPMENT - 4.0%
ADC Telecommunications, Inc. (a) 20,000 715,000
ACT Networks, Inc. (a) 25,000 431,250
Apertus Technologies, Inc. (a) 37,000 323,750
DSC Communications Corp. (a) 25,000 1,162,500
Digital Systems International, Inc. 15,000 134,063
Global Village Communication (a) 6,500 101,563
Lo Jack Corp. 10,000 110,625
Microcom, Inc. 12,000 180,000
Microdyne Corp. (a) 102,200 1,980,125
Network Equipment Technologies (a) 50,000 1,187,500
Nokia Corp. AB:
sponsored ADR 32,400 1,931,850
Series A 8,800 515,766
Series K 30,000 1,758,293
Tellabs, Inc. (a) 59,000 2,839,375
U.S. Robotics Corp. 7,500 817,500
14,189,160
COMPUTER SERVICES & SOFTWARE - 7.1%
ATI Technologies, Inc. (a) 55,000 435,793
Acxiom Corp. 25,000 628,750
America Online, Inc. (a) 30,000 1,320,000
American Business Information, Inc. (a) 20,000 540,000
Ascend Communications, Inc. (a) 19,400 979,700

SHARES VALUE (NOTE 1)
Broderbund Software, Inc. (a) 18,000 $ 1,147,500
Ceridian Corp. (a) 30,000 1,106,250
Computer Data Systems, Inc. 20,000 220,000
CyCare Systems, Inc. (a) 20,000 545,000
Electronic Arts, Inc. (a) 39,800 1,079,575
Harris Computer Systems Corp. (a) 53,900 741,125
Intersolv, Inc. 8,800 202,400
Microsoft Corp. (a) 70,000 6,326,250
Number Nine Visual Technology Corp. 20,000 415,000
Oracle Systems Corp. (a) 30,000 1,158,750
Reuters Holdings PLC ADR Class B 39,700 1,989,963
Security Dynamics Technologies, Inc. (a) 20,000 900,000
7th Level, Inc. 2,300 32,555
State of The Art, Inc. (a) 16,200 159,975
Stratacom, Inc. (a) 30,000 1,462,500
SunGard Data Systems, Inc. (a) 20,000 1,045,000
Symantec Corp. (a) 20,000 577,500
Systems & Computer Technology Corp. 4,600 92,000
TCSI Corp. (a) 115,000 1,725,000
24,830,586
COMPUTERS & OFFICE EQUIPMENT - 6.1%
Ameridata Technologies, Inc. 25,000 227,375
Apple Computer, Inc. 40,000 1,857,500
Computer Network Technology Corp. (a) 22,800 233,700
Dell Computer Corp. (a) 12,000 721,500
Discreet Logic 300 6,300

Filenet Corp. 3,700 149,388
Hewlett-Packard Co. 50,000 3,725,000
Hutchinson Technology, Inc.   20,000 850,000
International Business Machines Corp.   125,000 12,000,000
Kronos, Inc. (a) 14,600 542,025
Peak Technologies Group, Inc. (a) 5,000 137,500
Sun Microsystems, Inc. (a) 1,700 82,450
Western Digital Corp. (a) 50,600 879,175
21,411,913
ELECTRONIC INSTRUMENTS - 4.1%
Applied Materials, Inc. (a) 25,000 2,165,625
Cohu, Inc. 40,000 935,000
Credence Systems Corp. (a) 37,800 1,143,450
Measurex Corp. 52,700 1,600,763
Novellus System, Inc. (a) 15,000 1,016,250
Silicon Valley Group, Inc. (a) 90,000 3,262,500
Teradyne, Inc. (a) 46,000 3,007,250
Varian Associates, Inc.   26,300 1,453,075
14,583,913
ELECTRONICS - 11.0%
ARC International Corp. (a) 152,900 496,925
Altera Corp. (a) 53,600 2,318,200
Altron Inc. (a) 29,300 703,200
Analog Devices, Inc. (a) 34,300 1,166,200
Arrow Electronics, Inc. (a) 35,000 1,741,250
Burr-Brown Corp.   30,000 810,000
Cascade Communications Corp. (a) 25,000 1,081,250
Chips & Technologies, Inc. (a) 97,300 1,277,063
Cypress Semiconductor Corp. (a) 32,900 1,332,450
Integrated Circuit Systems, Inc. (a) 25,000 368,750
Intel Corp.   120,000 7,597,500
International Rectifier Corp. (a) 6,000 195,000
Kemet Corp. (a) 24,000 1,260,000
Kent Electronics Corp. (a) 20,000 757,500
Linear Technology Corp.   30,000 1,980,000
Marshall Industries (a) 16,700 559,450
Methode Electronics, Inc. Class A 25,000 487,500
COMMON STOCKS - CONTINUED
SHARES VALUE (NOTE 1)
TECHNOLOGY - CONTINUED
ELECTRONICS - CONTINUED
Micro Linear Corp. (a) 10,000 $ 162,500
Micron Technology, Inc.   40,000 2,195,000
Opti, Inc. (a) 12,200 277,550
Pioneer Standard Electronics, Inc.   15,000 367,500
SGS-Thomson Microelectronic NV (a) 42,400 1,722,500
S-3, Inc.   33,900 1,220,400
Sanmina Corp. (a) 20,000 760,000
Texas Instruments, Inc.   20,000 2,677,500
Thomas & Betts Corp.   9,900 676,913
VLSI Technology, Inc. (a) 50,000 1,506,250
Xilinx, Inc. (a) 30,000 2,820,000
38,518,351
TOTAL TECHNOLOGY   113,533,923
TRANSPORTATION - 3.2%
AIR TRANSPORTATION - 2.1%
AMR Corp. (a) 30,000 2,238,750
AirTran Corp.   24,000 243,000
Alaska Air Group, Inc. (a) 60,000 1,102,500
Comair Holdings, Inc.   500 18,972
Delta Air Lines, Inc.   35,000 2,581,250
Southwest Airlines Co.   50,000 1,193,750
7,378,222
RAILROADS - 0.7%
Burlington Northern, Inc.   25,300 1,603,388
CSX Corp.   12,200 916,525
2,519,913
TRUCKING & FREIGHT - 0.4%
Air Express International Corp.   53,900 1,266,651
TOTAL TRANSPORTATION   11,164,786
UTILITIES - 0.5%
CELLULAR - 0.1%
AirTouch Communications, Inc. (a) 20,000 570,000
TELEPHONE SERVICES - 0.4%
Ameritech Corp.   30,000 1,320,000
TOTAL UTILITIES   1,890,000
TOTAL COMMON STOCKS
(Cost $258,436,447)   293,726,711
CONVERTIBLE PREFERRED STOCKS - 0.6%
FINANCE - 0.6%
SAVINGS & LOANS - 0.6%
California Federal Bank, Series A, $1.94
(Cost $2,022,443) 90,000 2,047,500
REPURCHASE AGREEMENTS - 15.9%
MATURITY VALUE (NOTE 1)

AMOUNT
Investments in repurchase agreements
(U.S. Treasury obligations), in a
joint trading account at 6.22%
dated 6/30/95 due 7/3/95 $ 55,857,938 $ 55,829,000
TOTAL INVESTMENT IN SECURITIES - 100%
(Cost $316,287,890) $351,603,211

LEGEND

(a) Non-income producing

(b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At the period end, the value of these securities amounted to $742,514 or 0.2% of net assets.

OTHER INFORMATION

Purchases and sales of securities, other than short-term securities, aggregated $329,700,898 and $71,277,394, respectively, of which U.S. government and government agency obligations aggregated $5,271,875 and $5,335,156, respectively.

The fund placed a portion of its portfolio transactions with brokerage firms which are affiliates of Fidelity Management & Research Company. The commissions paid to these affiliated firms were $93,753 for the period (see Note 5 of Notes to Financial Statements).

INCOME TAX INFORMATION

At June 30, 1995, the aggregate cost of investment securities for income tax purposes was $316,287,890. Net unrealized appreciation aggregated $35,315,321, of which $38,216,495 related to appreciated investment securities and $2,901,174 related to depreciated investment securities.

VARIABLE INSURANCE PRODUCTS FUND II: CONTRAFUND PORTFOLIO

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>
<CAPTION>

<S>	<C>	<C>
JUNE 30, 1995		
ASSETS		
Investment in securities, at value (including repurchase agreements of $55,829,000) (cost $316,287,890) - See accompanying schedule		$ 351,603,211
Cash		689
Receivable for investments sold		5,802,794
Receivable for fund shares sold		1,926,121
Dividends receivable		189,172
TOTAL ASSETS		359,521,987
LIABILITIES		
Payable for investments purchased	$ 34,287,267	
Payable for fund shares redeemed	325	
Accrued management fee	146,785	
Other payables and accrued expenses	138,399	
TOTAL LIABILITIES		34,572,776
NET ASSETS		$ 324,949,211
Net Assets consist of:		
Paid in capital		$ 286,798,437
Undistributed net investment income		800,066
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions		2,035,382
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies		35,315,326
NET ASSETS, for 26,008,210 shares outstanding		$ 324,949,211
NET ASSET VALUE, offering price and redemption price per share ($324,949,211 (divided by) 26,008,210 shares)		$12.49

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

<S>	<C>	<C>
JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995		
INVESTMENT INCOME Dividends		$ 546,781
Interest		900,300
TOTAL INCOME		1,447,081
EXPENSES		
Management fee	$ 443,820	
Transfer agent fees	34,765	
Accounting fees and expenses	47,101	
Non-interested trustees' compensation	31	
Custodian fees and expenses	11,514	
Registration fees	97,888	
Audit	11,868	
Legal	7	
Miscellaneous	21	
TOTAL EXPENSES		647,015
NET INVESTMENT INCOME		800,066
REALIZED AND UNREALIZED GAIN (LOSS) Net realized gain (loss) on:		
Investment securities	2,035,387	
Foreign currency transactions	(5)	2,035,382
Change in net unrealized appreciation (depreciation) on:		
Investment securities	35,315,321	
Assets and liabilities in foreign currencies	5	35,315,326
NET GAIN (LOSS)		37,350,708
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		$ 38,150,774

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

<S>	<C> JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995 (UNAUDITED)
INCREASE (DECREASE) IN NET ASSETS	
Operations Net investment income	$ 800,066
Net realized gain (loss)	2,035,382
Change in net unrealized appreciation (depreciation)	35,315,326
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	38,150,774
Share transactions Net proceeds from sales of shares	287,700,925

Cost of shares redeemed	(902,488)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	286,798,437
TOTAL INCREASE (DECREASE) IN NET ASSETS	324,949,211
NET ASSETS	
Beginning of period	-
End of period (including undistributed net investment income of $800,066 and $-, respectively)	$ 324,949,211
OTHER INFORMATION Shares	
Sold	26,085,736
Redeemed	(77,526)
Net increase (decrease)	26,008,210

</TABLE>

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<CAPTION>
<S> <C> <C>
SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

</TABLE>

FINANCIAL HIGHLIGHTS

	JANUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO JUNE 30, 1995
	(UNAUDITED)
SELECTED PER-SHARE DATA	
Net asset value, beginning of period	$ 10.00
Income from Investment Operations	
Net investment income	.03
Net realized and unrealized gain (loss)	2.46
Total from investment operations	2.49
Net asset value, end of period	$ 12.49
TOTAL RETURN B	24.90%
RATIOS AND SUPPLEMENTAL DATA	
Net assets, end of period (000 omitted)	$ 324,949
Ratio of expenses to average net assets	.88% A
Ratio of net investment income to average net assets	1.09% A
Portfolio turnover rate	110% A

A ANNUALIZED
B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 1995 (UNAUDITED)

1. SIGNIFICANT ACCOUNTING POLICIES.
Asset Manager: Growth and Contrafund Portfolios (the funds) are funds of Variable Insurance Products Fund II (the trust). 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. Each fund is authorized to issue an unlimited number of shares. The following summarizes the significant accounting policies of the funds:
SECURITY VALUATION. Securities for which exchange quotations are readily available are valued at the last sale price, or if no sale price, at the

closing bid price. Securities for which exchange quotations are not readily available (and in certain cases debt securities which trade on an exchange), are valued primarily using dealer-supplied valuations or at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees. Short-term securities maturing within sixty days of their purchase date are valued at amortized cost or original cost plus accrued interest, both of which approximate current value.

FOREIGN CURRENCY TRANSLATION. The accounting records of each fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing rates of exchange at period end. Purchases and sales of securities, income receipts, and expense payments are translated into U.S. dollars at the prevailing exchange rate on the respective dates of the transactions.

Net realized gains and losses on foreign currency transactions represent net gains and losses from sales and maturities of forward currency contracts, disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are included with the net realized and unrealized gain or loss on investment securities.

INCOME TAXES. The funds intend to qualify as regulated investment companies under Subchapter M of the Internal Revenue Code. By so qualifying, each fund will not be subject to income taxes to the extent that it distributes substantially all of its taxable income for its fiscal year. The schedule of investments includes information regarding income taxes under the caption "Income Tax Information."

INVESTMENT INCOME. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, are recorded as soon as each fund is informed of the ex-dividend date. Interest income, which includes accretion of original issue discount, is accrued as earned. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain.

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

DISTRIBUTIONS TO SHAREHOLDERS. Distributions are recorded on the ex-dividend date.

Income and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences may result in distribution reclassifications. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to paid in capital and may affect the per-share allocation between net investment income and realized and unrealized gain (loss). Undistributed net investment income (loss) and accumulated undistributed net realized gain (loss) on investments and foreign currency transactions may include temporary book and tax basis differences which will reverse in a subsequent period.

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.

FORWARD FOREIGN CURRENCY CONTRACTS. Each fund may use foreign currency contracts to facilitate transactions in foreign securities and to manage the funds' currency exposure. Contracts to buy generally are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the funds' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. These contracts involve market risk in excess of the unrealized gain or loss reflected in the Asset Manager: Growth Portfolio's Statement of Assets and Liabilities. The U.S. dollar value of the currencies the fund has committed to buy or sell is shown in the schedule of investments under the caption "Forward Foreign Currency Contracts." This amount represents the aggregate exposure to each currency the fund has acquired or hedged through currency contracts at period end. Losses may arise from changes in the value of the foreign currency or if the counterparties do not perform under the contracts' terms.

The U.S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service. Purchases and sales of forward foreign currency contracts having the same settlement date and broker are offset and any realized gain (loss) is recognized on the date of offset; otherwise, gain (loss) is recognized on settlement date. For the Asset Manager: Growth Portfolio, contracts that have been offset with different counterparties are reflected as both a contract to buy and a contract to sell in the schedule of investments under the caption "Forward Foreign Currency Contracts."

JOINT TRADING ACCOUNT. Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the funds, along with other affiliated entities of Fidelity Management & Research Company (FMR), may transfer uninvested cash balances into one or more joint trading accounts. These balances are invested in one or more repurchase agreements that mature in 60 days or less from the date of purchase, and are collateralized by U.S. Treasury or Federal Agency obligations.

REPURCHASE AGREEMENTS. The funds, through their custodian, receive delivery of the underlying securities, whose market value is required to be at least 102% of the resale price at the time of purchase. FMR, the funds' investment adviser, is responsible for determining that the value of these underlying securities remains at least equal to the resale price.

3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE. As each 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 and is based on the monthly average net assets of all the mutual funds advised by FMR. The rates ranged from .2700% to .5200% for the period. In the event that these rates were lower than the contractual rates in effect during the period, FMR voluntarily implemented the above rates, as they resulted in the same or a lower management fee. The annual individual fund fee rate is .40% and .30% for the Asset Manager: Growth and Contrafund Portfolios, respectively. For the period, the management fees were equivalent to annualized rates of .72% and .61% of average net assets for the Asset Manager: Growth and Contrafund Portfolios, respectively.

TRANSFER AGENT FEES. Fidelity Investments Institutional Operations Company (FIIOC), an affiliate of FMR, is the funds' transfer, dividend disbursing and shareholder servicing agent. FIIOC receives account fees and asset-based fees that vary according to account size and type of account. FIIOC pays for typesetting, printing and mailing of all shareholder reports, except proxy statements.

ACCOUNTING FEES. Fidelity Service Co. (FSC), an affiliate of FMR, maintains the funds' accounting records. The fee is based on the level of average net assets for the month plus out-of-pocket expenses.

BROKERAGE COMMISSIONS. Certain funds placed a portion of their portfolio transactions with brokerage firms which are affiliates of FMR. The commissions paid to these affiliated firms are shown under the caption "Other Information" at the end of each applicable fund's schedule of investments.

4. EXPENSE REDUCTIONS.

FMR voluntarily agreed to reimburse the funds' operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) above an annual rate of 1.00% of average net assets. For the period, the reimbursement reduced expenses by $56,374, and $0 for Asset Manager: Growth and Contrafund Portfolios, respectively.

5. BENEFICIAL INTEREST.

At the end of the period, Fidelity Investments Life Insurance Company (FILI), an affiliate of FMR was the record owner of more than 5% of the outstanding shares of each fund's and certain unaffiliated insurance companies were record owners of more than 10% of the total outstanding shares of the following funds:

FUND	FILI	UNAFFILIATES INSURANCE COMPANIES	
	% OWNERSHIP	# OF	% OWNERSHIP
Asset Manager: Growth	79	1	10
Contrafund	77	-	-

INVESTMENT ADVISER
Fidelity Management & Research Company
Boston, MA

OFFICERS
Edward C. Johnson 3d, PRESIDENT
J. Gary Burkhead, SENIOR VICE PRESIDENT
Andrew Offit, VICE PRESIDENT
William Danoff, VICE PRESIDENT
Arthur S. Loring, SECRETARY
Stephen P. Jonas, TREASURER
Robert H. Morrison, MANAGER, SECURITY TRANSACTIONS
John H. Costello, ASSISTANT TREASURER
Leonard M. Rush, ASSISTANT TREASURER

GENERAL DISTRIBUTOR
Fidelity Distributors Corporation
Boston, MA

TRANSFER AND SHAREHOLDER
SERVICING AGENT
Fidelity Investments Institutional Operations Co.
Boston, MA

CUSTODIANS
The Chase Manhattan Bank, N.A.
New York, NY

ASSET MANAGER: GROWTH PORTFOLIO
Brown Brothers Harriman & Co.
Boston, MA
CONTRAFUND PORTFOLIO

EXHIBIT 1(a)
Filed March 21, 1988
VARIABLE INSURANCE PRODUCTS FUND II
DECLARATION OF TRUST
DATED MARCH 21, 1988

DECLARATION OF TRUST, made March 21, 1988 by Edward C. Johnson 3d, J. Gary Burkhead, and Frank Nesvet (the "Trustees").

WHEREAS, the Trustees desire to establish a trust fund for the investment and reinvestment of funds contributed thereto;

NOW, THEREFORE, the Trustees declare that all money and property contributed to the trust fund hereunder shall be held and managed in Trust under this Declaration of Trust as herein set forth below.

ARTICLE I
NAME AND DEFINITIONS
NAME

Section 1. This Trust shall be known as "Variable Insurance Products Fund II".

DEFINITIONS

Section 2. Wherever used herein, unless otherwise required by the context or specifically provided:

(a) The Terms "Affiliated Person", "Assignment", "Commission", "Interested Person", "Majority Shareholder Vote" (the 67% or 50% requirement of the third sentence of Section 2(a)(42) of the 1940 Act, whichever may be applicable) and "Principal Underwriter" shall have the meanings given them in the 1940 Act, as amended from time to time;

(b) The "Trust" refers to Variable Insurance Products Fund II and reference to the Trust, when applicable to one or more Series of the Trust, shall refer to any such Series;

(c) "Net Asset Value" means the net asset value of each Series of the Trust determined in the manner provided in Article X, Section 3;

(d) "Shareholder" means a record owner of Shares of the Trust;

(e) The "Trustees" refer to the individual trustees in their capacity as trustees hereunder of the Trust and their successor or successors for the time being in office as such trustee or trustees;

(f) "Shares" means the equal proportionate transferable units of interest into which the beneficial interest of the Trust or each Series shall be divided from time to time, including such class or classes of Shares as the Trustees may from time to time create and establish and including fractions of Shares as well as whole Shares consistent with the requirements of Federal and/or state securities laws;

(g) The "1940 Act" refers to the Investment Company Act of 1940, as amended from time to time; and

(h) "Series" refers to series of Shares of the Trust established in accordance with the provisions of Article III.

ARTICLE II
PURPOSE OF TRUST

The purpose of this Trust is to provide investors a continuous source of managed investment in securities.

ARTICLE III

BENEFICIAL INTEREST

SHARES OF BENEFICIAL INTEREST

Section 1. The beneficial interest in the Trust shall be divided into such transferable Shares of one or more separate and distinct Series or classes as the Trustees shall from time to time create and establish. The number of Shares is unlimited and each Share shall be without par value and shall be fully paid and nonassessable. The Trustees shall have full power and authority, in their sole discretion and without obtaining any prior authorization or vote of the Shareholders or of any Series or class of Shareholders of the Trust, to create and establish (and to change in any manner) Shares or any Series or classes thereof with such preferences, voting powers, rights and privileges as the Trustees may from time to time determine, to divide or combine the Shares or any Series or classes thereof into a greater or lesser number, to classify or reclassify any issued Shares or any Series or classes thereof into one or more Series or classes of Shares, to abolish any one or more Series or classes of Shares, and to take such other action with respect to the Shares as the Trustees may deem desirable.

ESTABLISHMENT OF SERIES

Section 2. The establishment of any Series shall be effective upon the adoption of a resolution by a majority of the then Trustees setting forth such establishment and designation and the relative rights and preferences of the Shares of such Series. At any time that there are no Shares outstanding of any particular Series previously established and designated, the Trustees may by a majority vote abolish that Series and the establishment and designation thereof.

OWNERSHIP OF SHARES

Section 3. The ownership of Shares shall be recorded in the books of the Trust. The Trustees may make such rules as they consider appropriate for the transfer of Shares and similar matters. The record books of the Trust shall be conclusive as to who are the holders of Shares and as to the number of Shares held from time to time by each Shareholder.

INVESTMENT IN THE TRUST

Section 4. The Trustees shall accept investments in the Trust from such persons and on such terms as they may from time to time authorize. Such investments may be in the form of cash or securities in which the appropriate Series is authorized to invest, valued as provided in Article X, Section 3. After the date of the initial contribution of capital, the number of Shares to represent the initial contribution may in the Trustees' discretion be considered as outstanding and the amount received by the Trustees on account of the contribution shall be treated as an asset of the Trust. Subsequent investments in the Trust shall be credited to each Shareholder's account in the form of full Shares at the Net Asset Value per Share next determined after the investment is received; provided, however, that the Trustees may, in their sole discretion, (a) impose a sales charge upon investments in the Trust and (b) issue fractional Shares.

ASSETS AND LIABILITIES OF SERIES

Section 5. All consideration received by the Trust for the issue or sale of Shares of a particular Series, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be, shall be referred to as "assets belonging to" that Series. In addition any assets, income, earnings, profits, and proceeds thereof, funds, or payments which are not readily identifiable as belonging to any particular Series shall be allocated by the Trustees between and among one or more of the Series in such manner as they, in their sole discretion, deem fair and equitable. Each such allocation shall be conclusive and binding upon the Shareholders of all Series for all purposes, and shall be referred to as assets belonging to that Series. The assets belonging to a particular Series shall be so recorded upon the books of the Trust, and shall be held by the Trustees in trust for the benefit of the holders of Shares of that Series. The assets belonging to each particular Series shall be charged with the liabilities of that Series and all expenses, costs, charges and reserves attributable to that Series. Any general liabilities, expenses, costs, charges or reserves of the Trust which are not readily identifiable as belonging to any particular Series shall be allocated and charged by the Trustees between or among any one or more of the Series in such manner as the Trustees in their sole discretion deem fair and equitable. Each such allocation shall be conclusive and binding upon the Shareholders of all Series for all purposes. Any creditor of any Series may look only to the assets of that Series to satisfy such creditor's debt.

NO PREEMPTIVE RIGHTS

Section 6. The Shareholders shall have no preemptive or other right to subscribe to any additional Shares or other securities issued by the Trust or the Trustees.

LIMITATION OF PERSONAL LIABILITY

Section 7. The Trustees shall have no power to bind any Shareholder personally or to call upon any Shareholder for the payment of any sum of money or assessment whatsoever other than such as the Shareholder may at any time personally agree to pay by way of subscription for any Shares or otherwise. Every note, bond, contract or other undertaking issued by or on behalf of the Trust or the Trustees relating to the Trust shall include a recitation limiting the obligation represented thereby to the Trust and its assets (but the omission of such a recitation shall not operate to bind any Shareholder).

ARTICLE IV

THE TRUSTEES

MANAGEMENT OF THE TRUST

Section 1. The business and affairs of the Trust shall be managed by the Trustees, and they shall have all powers necessary and desirable to carry out that responsibility.

ELECTION: INITIAL TRUSTEES

Section 2. On a date fixed by the Trustees, the Shareholders shall elect not less than three Trustees. A Trustee shall not be required to be a Shareholder of the Trust. The initial Trustees who shall serve until such election and until their successors are elected and qualified shall be

Edward C. Johnson 3d, J. Gary Burkhead and Frank Nesvet and such other individuals as the Board of Trustees shall appoint pursuant to Section 4 of the Article IV.

TERM OF OFFICE OF TRUSTEES

Section 3. The Trustees shall hold office during the lifetime of this Trust, and until its termination as hereinafter provided; except (a) that any Trustee may resign his trust by written instrument signed by him and delivered to the other Trustees, which shall take effect upon such delivery or upon such later date as is specified therein; (b) that any Trustee may be removed at any time by written instrument, signed by at least two-thirds of the number of Trustees prior to such removal, specifying the date when such removal shall become effective; (c) that any Trustee who requests in writing to be retired or who has become incapacitated by illness or injury may be retired by written instrument signed by a majority of the other Trustees, specifying the date of his retirement; and (d) a Trustee may be removed at any Special Meeting of the Trust by a vote of two-thirds of the outstanding Shares.

RESIGNATION AND APPOINTMENT OF TRUSTEES

Section 4. In case of the declination, death, resignation, retirement, removal, incapacity, or inability of any of the Trustees, or in case a vacancy shall, by reason of an increase in number, or for any other reason, exist, the remaining Trustees shall fill such vacancy by appointing such other person as they in their discretion shall see fit consistent with the limitations under the 1940 Act. Such appointment shall be evidenced by a written instrument signed by a majority of the Trustees in office or by recording in the records of the Trust, whereupon the appointment shall take effect. An appointment of a Trustee may be made by the Trustees then in office in anticipation of a vacancy to occur by reason of retirement, resignation or increase in number of Trustees effective at a later date, provided that said appointment shall become effective only at or after the effective date of said retirement, resignation or increase in number of Trustees. As soon as any Trustee so appointed shall have accepted this trust, the trust estate shall vest in the new Trustee or Trustees, together with the continuing Trustees, without any further act or conveyance, and he shall be deemed a Trustee hereunder. The power of appointment is subject to the provisions of Section 16(a) of the 1940 Act.

TEMPORARY ABSENCE OF TRUSTEE

Section 5. Any Trustee may, by power of attorney, delegate his power for a period not exceeding six months at any one time to any other Trustee or Trustees, provided that in no case shall less than two Trustees personally exercise the other powers hereunder except as herein otherwise expressly provided.

NUMBER OF TRUSTEES

Section 6. The number of Trustees, not less than three (3) nor more than twelve (12), serving hereunder at any time shall be determined by the Trustees themselves.

Whenever a vacancy in the Board of Trustees shall occur, until such vacancy is filled, or while any Trustee is absent from the Commonwealth of Massachusetts or, if not a domiciliary of Massachusetts, is absent from his state of domicile, or is physically or mentally incapacitated by reason of disease or otherwise, the other Trustees shall have all the powers hereunder and the certificate of the other Trustees of such vacancy, absence or incapacity, shall be conclusive, provided, however, that no vacancy shall remain unfilled for a period longer than six calendar months.

EFFECT OF DEATH, RESIGNATION, ETC. OF A TRUSTEE

Section 7. The death, declination, resignation, retirement, removal, incapacity, or inability of the Trustees, or any one of them, shall not operate to annul the Trust or to revoke any existing agency created pursuant to the terms of this Declaration of Trust.

OWNERSHIP OF ASSETS OF THE TRUST

Section 8. The assets of the Trust shall be held separate and apart from any assets now or hereafter held in any capacity other than as Trustee hereunder by the Trustees or any successor Trustees. All of the assets of the Trust shall at all times be considered as vested in the Trustees. No Shareholder shall be deemed to have a severable ownership in any individual asset of the Trust or any right of partition or possession thereof, but each Shareholder shall have a proportionate undivided beneficial interest in the Trust.

ARTICLE V

POWERS OF THE TRUSTEES

POWERS

Section 1. The Trustees in all instances shall act as principals, and are and shall be free from the control of the Shareholders. The Trustees shall have full power and authority to do any and all acts and to make and execute any and all contracts and instruments that they may consider necessary or appropriate in connection with the management of the Trust. The Trustees shall not in any way be bound or limited by present or future laws or customs in regard to trust investments, but shall have full authority and power to make any and all investments which they, in their uncontrolled discretion, shall deem proper to accomplish the purpose of this Trust. Subject to any applicable limitation in the Declaration of Trust or the Bylaws of the Trust, the Trustees shall have power and authority:

(a) To invest and reinvest cash and other property, and to hold cash or other property uninvested, without in any event being bound by or limited by any present or future law or custom in regard to investments by Trustees, and to sell, exchange, lend, pledge, mortgage, hypothecate, write options on and lease any or all of the assets of the Trust.

(b) To adopt Bylaws not inconsistent with this Declaration of Trust providing for the conduct of the business of the Trust and to amend and repeal them to the extent that they do not reserve that right to the Shareholders.

(c) To elect and remove such officers and appoint and terminate such agents as they consider appropriate.

(d) To employ a bank or trust company as custodian of any assets of the Trust subject to any conditions set forth in this Declaration of Trust or in the Bylaws, if any.

(e) To retain a transfer agent and Shareholder servicing agent, or both.

(f) To provide for the distribution of interests of the Trust either through a principal underwriter in the manner hereinafter provided for or by the Trust itself, or both.

(g) To set record dates in the manner hereinafter provided for.

(h) To delegate such authority as they consider desirable to any officers of the Trust and to any agent, custodian or underwriter.

(i) To sell or exchange any or all of the assets of the Trust, subject to the provisions of Article XII, Section 4(b) hereof.

(j) To vote or give assent, or exercise any rights of ownership, with respect to stock or other securities or property; and to execute and deliver powers of attorney to such person or persons as the Trustees shall deem proper, granting to such person or persons such power and discretion with relation to securities or property as the Trustees shall deem proper.

(k) To exercise powers and rights of subscription or otherwise which in any manner arise out of ownership of securities.

(l) To hold any security or property in a form not indicating any trust, whether in bearer, unregistered or other negotiable form; or either in its own name or in the name of a custodian or a nominee or nominees, subject in either case to proper safeguards according to the usual practice of Massachusetts trust companies or investment companies.

(m) To establish separate and distinct Series with separately defined investment objectives and policies and distinct investment purposes in accordance with the provisions of Article III.

(n) To allocate assets, liabilities and expenses of the Trust to a particular Series or to apportion the same between or among two or more Series, provided that any liabilities or expenses incurred by a particular Series shall be payable solely out of the assets belonging to that Series as provided for in Article III.

(o) To consent to or participate in any plan for the reorganization, consolidation or merger of any corporation or concern, any security of which is held in the Trust; to consent to any contract, lease, mortgage, purchase, or sale of property by such corporation or concern, and to pay calls or subscriptions with respect to any security held in the Trust.

(p) To compromise, arbitrate, or otherwise adjust claims in favor of or against the Trust or any matter in controversy including, but not limited to, claims for taxes.

(q) To make distributions of income and of capital gains to Shareholders in the manner hereinafter provided for.

(r) To borrow money and to, pledge, mortgage or hypothecate the assets of the Trust, subject to applicable requirements of the 1940 Act.

(s) To establish, from time to time, a minimum total investment for Shareholders, and to require the redemption of the Shares of any Shareholders whose investment is less than such minimum upon giving notice to such Shareholder.

No one dealing with the Trustees shall be under any obligation to make any inquiry concerning the authority of the Trustees, or to see to the application of any payments made or property transferred to the Trustees or upon their order.

TRUSTEES AND OFFICERS AS SHAREHOLDERS

Section 2. Any Trustee, officer or other agent of the Trust may acquire, own and dispose of Shares to the same extent as if he were not a Trustee, officer or agent; and the Trustees may issue and sell or cause to be issued and sold Shares to and buy such Shares from any such person of any firm or company in which he is interested, subject only to the general limitations herein contained as to the sale and purchase of such Shares; and all subject to any restrictions which may be contained in the Bylaws, if any.

ACTION BY THE TRUSTEES

Section 3. The Trustees shall act by majority vote at a meeting duly called or by unanimous written consent without a meeting or by telephone consent provided a quorum of Trustees participate in any such telephonic meeting, unless the 1940 Act requires that a particular action be taken only at a meeting of the Trustees. At any meeting of the Trustees, a majority of the Trustees shall constitute a quorum. Meetings of the Trustees may be called orally or in writing by the Chairman of the Trustees or by any two other Trustees. Notice of the time, date and place of all meetings of the Trustees shall be given by the party calling the meeting to each Trustee by telephone or telegram sent to his home or business address at least twenty-four hours in advance of the meeting or by written notice mailed to his home or business address at least seventy-two hours in advance of the meeting. Notice need not be given to any Trustee who attends the meeting without objecting to the lack of notice or who executes a written waiver of notice with respect to the meeting. Subject to the requirements of the 1940 Act, the Trustees by majority vote may delegate to any one of their number their authority to approve particular matters or take particular actions on behalf of the Trust.

CHAIRMAN OF THE TRUSTEES

Section 4. The Trustees may appoint one of their number to be Chairman of the Board of Trustees. The Chairman shall preside at all meetings of the Trustees, shall be responsible for the execution of policies established by the Trustees and the administration of the Trust, and may be the chief executive, financial and accounting officer of the Trust.

ARTICLE VI

EXPENSES OF THE TRUST

TRUSTEE REIMBURSEMENT

Section 1. Subject to the provisions of Article III, Section 5, the Trustees shall be reimbursed from the trust estate or the assets belonging to the appropriate Series for their expenses and disbursements, including, without limitation, fees and expenses of Trustees who are not Interested Persons of the Trust, interest expense, taxes, fees and commissions of every kind, expenses of pricing Trust portfolio securities, expenses of issue, repurchase and redemption of shares including expenses attributable to a program of periodic repurchases or redemptions, expenses of registering and qualifying the Trust and its Shares under Federal and State laws and regulations, charges of custodians, transfer agents, and registrars, expenses of preparing and setting up in type prospectuses and Statements of Additional Information, expenses of printing and distributing prospectuses sent to existing Shareholders, auditing and legal expenses, reports to Shareholders, expenses of meetings of Shareholders and proxy solicitations therefor, insurance expense, association membership dues and for such non-recurring items as may arise, including litigation to which the Trust is a party, and for all losses and liabilities by them incurred in administering the Trust, and for the payment of such expenses, disbursements, losses and liabilities the Trustees shall have a lien on the assets belonging to the appropriate Series prior to any rights or interests of the Shareholders thereto. This section shall not preclude the Trust from directly paying any of the aforementioned fees and expenses.

ARTICLE VII
INVESTMENT ADVISER, PRINCIPAL UNDERWRITER AND TRANSFER AGENT
INVESTMENT ADVISER

Section 1. Subject to a Majority Shareholder Vote, the Trustees may in their discretion from time to time enter into an investment advisory or management contract(s) with respect to the Trust or any Series thereof whereby the other party(ies) to such contract(s) shall undertake to furnish the Trustees such management, investment advisory, statistical and research facilities and services and such other facilities and services, if any, and all upon such terms and conditions, as the Trustees may in their discretion determine. Notwithstanding any provisions of this Declaration of Trust, the Trustees may authorize the investment adviser(s) (subject to such general or specific instructions as the Trustees may from time to time adopt) to effect purchases, sales or exchanges of portfolio securities and other investment instruments of the Trust on behalf of the Trustees or may authorize any officer, agent, or Trustee to effect such purchases, sales or exchanges pursuant to recommendations of the investment adviser (and all without further action by the Trustees). Any such purchases, sales and exchanges shall be deemed to have been authorized by all of the Trustees.

The Trustees may, subject to applicable requirements of the 1940 Act, including those relating to Shareholder approval, authorize the investment adviser to employ one or more sub-advisers from time to time to perform such of the acts and services of the investment adviser, and upon such terms and conditions, as may be agreed upon between the investment adviser and sub-adviser.

PRINCIPAL UNDERWRITER

Section 2. The Trustees may in their discretion from time to time enter into (a) contract(s) providing for the sale of the Shares, whereby the Trust may either agree to sell the Shares to the other party to the contract or appoint such other party its sales agent for such Shares. In either case, the contract shall be on such terms and conditions as may be prescribed in the Bylaws, if any, and such further terms and conditions as the Trustees may in their discretion determine not inconsistent with the provisions of this Article VII, or of the Bylaws, if any; and such contract may also provide for the repurchase or sale of Shares by such other party as principal or as agent of the Trust.

TRANSFER AGENT

Section 3. The Trustees may in their discretion from time to time enter into a transfer agency and Shareholder service contract whereby the other party shall undertake to furnish the Trustees with transfer agency and Shareholder services. The contract shall be on such terms and conditions as the Trustees may in their discretion determine not inconsistent with the provisions of this Declaration of Trust or of the Bylaws, if any. Such services may be provided by one or more entities.

PARTIES TO CONTRACT

Section 4. Any contract of the character described in Sections 1, 2 and 3 of this Article VII or in Article IX hereof may be entered into with any corporation, firm, partnership, trust or association, although one or more of the Trustees or officers of the Trust may be an officer, director, trustee, shareholder, or member of such other party to the contract, and no such contract shall be invalidated or rendered voidable by reason of the existence of any relationship, nor shall any person holding such relationship be liable merely by reason of such relationship for any loss or expense to the Trust under or by reason of said contract or accountable for any profit realized directly or indirectly therefrom, provided that the contract when entered into was reasonable and fair and not inconsistent with the provisions of this Article VII or the Bylaws, if any. The same person (including a firm, corporation, partnership, trust, or association) may be the other party to contracts entered into pursuant to Sections 1, 2 and 3 above or Article IX, and any individual may be financially interested or otherwise affiliated with persons who are parties to any or all of the contracts mentioned in this Section 4.

PROVISIONS AND AMENDMENTS

Section 5. Any contract entered into pursuant to Sections 1 and 2 of this Article VII shall be consistent with and subject to the requirements of Section 15 of the 1940 Act (including any amendments thereof or other applicable Act of Congress hereafter enacted) with respect to its continuance in effect, its termination, and the method of authorization and approval of such contract or renewal thereof, and no amendment to any contract, entered into pursuant to Section 1 shall be effective unless assented to by a Majority Shareholder Vote.

ARTICLE VIII

SHAREHOLDERS' VOTING POWERS AND MEETINGS

VOTING POWERS

Section 1. The Shareholders shall have power to vote (i) for the election of Trustees as provided in Article IV, Section 2, (ii) for the removal of Trustees as provided in Article IV, Section 3(d), (iii) with respect to any investment advisory or management contract as provided in Article VII, Sections 1 and 5, (iv) with respect to the amendment of this Declaration of Trust as provided in Article XII, Section 7, (v) to the same extent as the shareholders of a Massachusetts business corporation, as to whether or not a court action, proceeding or claim should be brought or maintained derivatively or as a class action on behalf of the Trust or the Shareholders, provided, however, that a Shareholder of a particular Series shall not be entitled to bring any derivative or class action on behalf of any other Series of the Trust, and (vi) with respect to such additional matters relating to the Trust as may be required or authorized by law, by this Declaration of Trust, or the Bylaws of the Trust, if any, or any registration of the Trust with the Securities and Exchange Commission (the "Commission") or any State, as the Trustees may consider desirable. On any matter submitted to a vote of the Shareholders, all shares shall be voted by individual Series, except (i) when required by the 1940 Act, Shares shall be voted in the aggregate and not by individual Series; and (ii) when the Trustees have determined that the matter affects only the interests of one or more Series, then only the Shareholders of such Series shall be entitled to vote thereon. Each whole share shall be entitled to one vote as to any matter on which it is entitled to vote, and each fractional Share shall be entitled to a proportionate fractional vote. There shall be no cumulative voting in the election of Trustees. Shares may be voted in person or by proxy. Until Shares are issued, the Trustees may exercise all rights of Shareholders and may take any action required or permitted by law, this Declaration of Trust or any Bylaws of the Trust to be taken by

Shareholders.
MEETINGS
Section 2. The first Shareholders' meeting shall be held as specified in Section 2 of Article IV at the principal office of the Trust or such other place as the Trustees may designate. Special meetings of the Shareholders of any Series may be called by the Trustees and shall be called by the Trustees upon the written request of Shareholders owning at least one-tenth of the outstanding Shares entitled to vote. Whenever ten or more Shareholders meeting the qualifications set forth in Section 16(c) of the 1940 Act, as the same may be amended from time to time, seek the opportunity of furnishing materials to the other Shareholders with a view to obtaining signatures on such a request for a meeting, the Trustees shall comply with the provisions of said Section 16(c) with respect to providing such Shareholders access to the list of the Shareholders of record of the Trust or the mailing of such materials to such Shareholders of record. Shareholders shall be entitled to at least fifteen days' notice of any meeting.
QUORUM AND REQUIRED VOTE
Section 3. A majority of Shares entitled to vote in person or by proxy shall be a quorum for the transaction of business at a Shareholders' meeting, except that where any provision of law or of this Declaration of Trust permits or requires that holders of any Series shall vote as a Series, then a majority of the aggregate number of Shares of that Series entitled to vote shall be necessary to constitute a quorum for the transaction of business by that Series. Any lesser number shall be sufficient for adjournments. Any adjourned session or sessions may be held, within a reasonable time after the date set for the original meeting, without the necessity of further notice. Except when a larger vote is required by any provision of this Declaration of Trust or the Bylaws, a majority of the Shares voted in person or by proxy shall decide any questions and a plurality shall elect a Trustee, provided that where any provision of law or of this Declaration of Trust permits or requires that the holders of any Series shall vote as a Series, then a majority of the Shares of that Series voted on the matter shall decide that matter insofar as that Series is concerned.
ARTICLE IX
CUSTODIAN
APPOINTMENT AND DUTIES
Section 1. The Trustees shall at all times employ a bank or trust company having capital, surplus and undivided profits of at least two million dollars ($2,000,000) as custodian with authority as its agent, but subject to such restrictions, limitations or other requirements, if any, as may be contained in the Bylaws of the Trust, if any:
(1) to hold the securities owned by the Trust and deliver the same upon written order;
(2) to receive and receipt for any moneys due to the Trust and deposit the same in its own banking department or elsewhere as the Trustees may direct; and
(3) to disburse such funds upon orders or vouchers;
and the Trust may also employ such custodian as its agent:
(1) to keep the books and accounts of the Trust and furnish clerical and

accounting services; and
(2) to compute, if authorized to do so by the Trustees, the Net Asset Value of any Series in accordance with the provisions hereof;
all upon such basis of compensation as may be agreed upon between the Trustees and the custodian. If so directed by a Majority Shareholder Vote, the custodian shall deliver and pay over all property of the Trust held by it as specified in such vote.

The Trustees may also authorize the custodian to employ one or more sub-custodians from time to time to perform such of the acts and services of the custodian, and upon such terms and conditions, as may be agreed upon between the custodian and such sub-custodian and approved by the Trustees, provided that in every case such sub-custodian shall be a bank or trust company organized under the laws of the United States or one of the states thereof and having capital, surplus and undivided profits of at least two million dollars ($2,000,000) or such other person as may be permitted by the Commission, or otherwise in accordance with the 1940 Act as from time to time amended.

CENTRAL CERTIFICATE SYSTEM

Section 2. Subject to such rules, regulations and orders as the Commission may adopt, the Trustees may direct the custodian to deposit all or any part of the securities owned by the Trust in a system for the central handling of securities established by a national securities exchange or a national securities association registered with the Commission under the Securities Exchange Act of 1934, or such other person as may be permitted by the Commission, or otherwise in accordance with the 1940 Act as from time to time amended, pursuant to which system all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of such securities, provided that all such deposits shall be subject to withdrawal only upon the order of the Trust.

ARTICLE X

DISTRIBUTIONS AND REDEMPTIONS

DISTRIBUTIONS

Section 1.

(a) The Trustees may from time to time declare and pay dividends. The amount of such dividends and the payment of them shall be wholly in the discretion of the Trustees.

(b) The Trustees shall have power, to the fullest extent permitted by the laws of Massachusetts, at any time to declare and cause to be paid dividends on Shares of a particular Series, from the assets belonging to that Series, which dividends, at the election of the Trustees, may be paid daily or otherwise pursuant to a standing resolution or resolutions adopted only once or with such frequency as the Trustees may determine, and may be payable in Shares of that Series at the election of each Shareholder of that Series.

(c) Anything in this instrument to the contrary notwithstanding, the Trustees may at any time declare and distribute pro rata among the Shareholders of a particular Series as of the record date of that Series fixed as provided in Article XII, Section 3 hereof a "stock dividend".

REDEMPTIONS

Section 2. In case any holder of record of Shares of a particular Series desires to dispose of his Shares, he may deposit at the office of the transfer agent or other authorized agent of that Series a written request or such other form of request as the Trustees may from time to time authorize, requesting that the Series purchase the Shares in accordance with this Section 2; and the Shareholder so requesting shall be entitled to require the Series to purchase, and the Series or the principal underwriter of the Series shall purchase his said Shares, but only at the Net Asset Value thereof (as described in Section 3 hereof). The Series shall make payment for any such Shares to be redeemed, as aforesaid, in cash or property from the assets of that Series and payment for such Shares shall be made by the Series or the principal underwriter of the Series to the Shareholder of record within seven (7) days after the date upon which the request is effective.

DETERMINATION OF NET ASSET VALUE AND
VALUATION OF PORTFOLIO ASSETS

Section 3. The term "Net Asset Value" of any Series shall mean that amount by which the assets of that Series exceed its liabilities, all as determined by or under the direction of the Trustees. Such value per Share shall be determined separately for each Series of Shares and shall be determined on such days and at such times as the Trustees may determine. Such determination shall be made with respect to securities for which market quotations are readily available, at the market value of such securities; and with respect to other securities and assets, at the fair value as determined in good faith by the Trustees, provided, however, that the Trustees, without Shareholder approval, may alter the method of appraising portfolio securities insofar as permitted under the 1940 Act and the rules, regulations and interpretations thereof promulgated or issued by the Commission or insofar as permitted by any Order of the Commission applicable to the Series. The Trustees may delegate any of their powers and duties under this Section 3 with respect to appraisal of assets and liabilities. At any time the Trustees may cause the value per Share last determined to be determined again in similar manner and may fix the time when such redetermined value shall become effective.

SUSPENSION OF THE RIGHT OF REDEMPTION

Section 4. The Trustees may declare a suspension of the right of redemption or postpone the date of payment as permitted under the 1940 Act. Such suspension shall take effect at such time as the Trustees shall specify but not later than the close of business on the business day next following the declaration of suspension, and thereafter there shall be no right of redemption or payment until the Trustees shall declare the suspension at an end. In the case of a suspension of the right of redemption, a Shareholder may either withdraw his request for redemption or receive payment based on the Net Asset Value per Share existing after the termination of the suspension.

ARTICLE XI

LIMITATION OF LIABILITY AND INDEMNIFICATION

LIMITATION OF LIABILITY

Section 1. Provided they have exercised reasonable care and have acted under the reasonable belief that their actions are in the best interest of the Trust, the Trustees shall not be responsible for or liable in any event for neglect or wrongdoing of them or any officer, agent, employee or investment adviser of the Trust, but nothing contained herein shall protect any 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.

INDEMNIFICATION

Section 2.

(a) Subject to the exceptions and limitations contained in Section (b) below:

(i) every person who is, or has been, a Trustee or officer of the Trust (hereinafter referred to as "Covered Person") shall be indemnified by the appropriate Series to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been a Trustee or officer and against amounts paid or incurred by him in the settlement thereof;

(ii) the words "claim," "action," "suit," or "proceeding" shall apply to all claims, actions, suits or proceedings (civil, criminal or other, including appeals), actual or threatened while in office or thereafter, and the words "liability" and "expenses" shall include, without limitation, attorneys' fees, costs, judgments, amounts paid in settlement, fines, penalties and other liabilities.

(b) No indemnification shall be provided hereunder to a Covered Person:

(i) who shall have been adjudicated by a court or body before which the proceeding was brought (A) to be liable to the Trust or its Shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office or (B) not to have acted in good faith in the reasonable belief that his action was in the best interest of the Trust; or

(ii) in the event of a settlement, unless there has been a determination that such Trustee or officer did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office,

(A) by the court or other body approving the settlement;

(B) by at least a majority of those Trustees who are neither interested persons of the Trust nor are parties to the matter based upon a review of readily available facts (as opposed to a full trial-type inquiry); or

(C) by written opinion of independent legal counsel based upon a review of readily available facts (as opposed to a full trial-type inquiry);

provided, however, that any Shareholder may, by appropriate legal proceedings, challenge any such determination by the Trustees, or by independent counsel.

(c) The rights of indemnification herein provided may be insured against by policies maintained by the Trust, shall be severable, shall not be exclusive of or affect any other rights to which any Covered Person may now or hereafter be entitled, shall continue as to a person who has ceased to be such Trustee or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect any rights to indemnification to which Trust personnel, other than Trustees and officers, and other persons may be entitled by contract or otherwise under law.

(d) Expenses in connection with the preparation and presentation of a defense to any claim, action, suit or proceeding of the character described in paragraph (a) of this Section 2 may be paid by the applicable Series from time to time prior to final disposition thereof upon receipt of an undertaking by or on behalf of such Covered Person that such amount will be paid over by him to the applicable Series if it is ultimately determined that he is not entitled to indemnification under this Section 2; provided, however, that either (a) such Covered Person shall have provided appropriate security for such undertaking, (b) the Trust is insured against losses arising out of any such advance payments or (c) either a majority of the Trustees who are who are neither interested persons of the Trust nor parties to the matter, or independent legal counsel in a written opinion, shall have determined, based upon a review of readily available facts (as opposed to a trial-type inquiry or full investigation), that there is reason to believe that such Covered Person will be found entitled to indemnification under this Section 2.

SHAREHOLDERS

Section 3. In case any Shareholder or former Shareholder of any Series of the Trust shall be held to be personally liable solely by reason of his being or having been a Shareholder and not because of his acts or omissions or for some other reason, the Shareholder or former Shareholder (or his heirs, executors, administrators or other legal representatives or in the case of a corporation or other entity, its corporate or other general successor) shall be entitled out of the assets belonging to the applicable Series to be held harmless from and indemnified against all loss and expense arising from such liability. The Series shall, upon request by the Shareholder, assume the defense of any claim made against the Shareholder for any act or obligation of the Series and satisfy any judgment thereon.

ARTICLE XII

MISCELLANEOUS

TRUST NOT A PARTNERSHIP

Section 1. It is hereby expressly declared that a trust and not a partnership is created hereby. No Trustee hereunder shall have any power to bind personally either the Trust's officers or any Shareholder. All persons extending credit to, contracting with or having any claim against the Trust or the Trustees shall look only to the assets of the appropriate Series for payment under such credit, contract or claim; and neither the Shareholders nor the Trustees, nor any of their agents, whether past, present or future, shall be personally liable therefor. Nothing in this Declaration of Trust shall protect a Trustee against any liability to which the Trustee would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of Trustee hereunder.

TRUSTEE'S GOOD FAITH ACTION, EXPERT ADVICE, NO BOND OR SURETY

Section 2. The exercise by the Trustees of their powers and discretions hereunder in good faith and with reasonable care under the circumstances then prevailing, shall be binding upon everyone interested. Subject to the provisions of Section 1 of this Article XII and to Article XI, the Trustees shall not be liable for errors of judgment or mistakes of fact or law. The Trustees may take advice of counsel or other experts with respect to the meaning and operation of this Declaration of Trust, and subject to the provisions of Section 1 of this Article XII and to Article XI, shall be under no liability for any act or omission in accordance with such advice or for failing to follow such advice. The Trustees shall not be required to give any bond as such, nor any surety if a bond is obtained.

ESTABLISHMENT OF RECORD DATES

Section 3. The Trustees may close the stock transfer books of the Trust for a period not exceeding sixty (60) days preceding the date of any meeting of Shareholders, or the date for the payment of any dividends, or the date for the allotment of rights, or the date when any change or conversion or exchange of Shares shall go into effect; or in lieu of closing the stock transfer books as aforesaid, the Trustees may fix in advance a date, not exceeding sixty (60) days preceding the date of any meeting of Shareholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of Shares shall go into effect, as a record date for the determination of the Shareholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of Shares, and in such case such Shareholders and only such Shareholders as shall be Shareholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment or rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any Shares on the books of the Trust after any such record date fixed or aforesaid.

TERMINATION OF TRUST

Section 4.

(a) This Trust shall continue without limitation of time but subject to the provisions of sub-section (b) of this Section 4.

(b) Subject to a Majority Shareholder Vote of each Series affected by the matter or, if applicable, to a Majority Shareholder Vote of the Trust, the Trustees may

(i) sell and convey the assets of the Trust or any affected Series to another trust, partnership, association or corporation organized under the laws of any state which is an open-end management investment company as defined in the 1940 Act, for adequate consideration which may include the assumption of all outstanding obligations, taxes and other liabilities, accrued or contingent, of the Trust or any affected Series, and which may include shares of beneficial interest or stock of such trust, partnership, association or corporation; or

(ii) at any time sell and convert into money all of the assets of the Trust or any affected Series.

Upon making provision for the payment of all such liabilities in either (i) or (ii), by such assumption or otherwise, the Trustees shall distribute the remaining proceeds or assets (as the case may be) ratably among the holders of the Shares of the Trust or any affected Series then outstanding.

(c) Upon completion of the distribution of the remaining proceeds or the remaining assets as provided in sub-section (b), the Trust or any affected Series shall terminate and the Trustees shall be discharged of any and all further liabilities and duties hereunder and the right, title and interest of all parties shall be cancelled and discharged.

FILING OF COPIES, REFERENCES, HEADINGS

Section 5. The original or a copy of this instrument and of each declaration of trust supplemental hereto shall be kept at the office of the Trust where it may be inspected by any Shareholder. A copy of this instrument and of each supplemental declaration of trust shall be filed by the Trustees with the Secretary of the Commonwealth of Massachusetts and the Boston City Clerk, as well as any other governmental office where such filing may from time to time be required. Anyone dealing with the Trust may rely on a certificate by an officer or Trustee of the Trust as to whether or not any such supplemental declarations of trust have been made and as to any matters in connection with the Trust hereunder, and with the same effect as if it were the original, may rely on a copy certified by an officer or Trustee of the Trust to be a copy of this instrument or of any such supplemental declaration of trust. In this instrument or in any such supplemental declaration of trust, references to this instrument, and all expressions like "herein," "hereof" and "hereunder," shall be deemed to refer to this instrument as amended or affected by any such supplemental declaration of trust. Headings are placed herein for convenience of reference only and in case of any conflict, the text of this instrument, rather than the headings, shall control. This instrument may be executed in any number of counterparts each of which shall be deemed an original.

APPLICABLE LAW

Section 6. The trust set forth in this instrument is made in the Commonwealth of Massachusetts, and it is created under and is to be governed by and construed and administered according to the laws of said Commonwealth. The Trust shall be of the type commonly called a Massachusetts business trust, and without limiting the provisions hereof, the Trust may exercise all powers which are ordinarily exercised by such a trust.

AMENDMENTS

Section 7. If authorized by votes of the Trustees and a Majority Shareholder Vote, or by any larger vote which may be required by applicable law or this Declaration of Trust in any particular case, the Trustees shall amend or otherwise supplement this instrument, by making a declaration of trust supplemental hereto, which thereafter shall form a part hereof, except that an amendment which shall affect the Shareholders of one or more Series but not the Shareholders of all outstanding Series shall be authorized by vote of the Shareholders holding a majority of the Shares entitled to vote of each Series affected and no vote of Shareholders of a Series not affected shall be required. Amendments having the purpose of changing the name of the Trust or of supplying any omission, curing any ambiguity or curing, correcting or supplementing any defective or inconsistent provision contained herein shall not require authorization by Shareholder vote. Copies of the supplemental declaration of trust shall be filed as specified in Section 5 of this Article XII.

FISCAL YEAR

Section 8. The fiscal year of the Trust shall end on a specified date as set forth in the Bylaws, if any, provided, however, that the Trustees may, without Shareholder approval, change the fiscal year of the Trust.

USE OF THE WORD "FIDELITY"

Section 9. Fidelity Management & Research Company ("FMR") has consented to the use by any Series of the Trust of the identifying word "Fidelity" in the name of any Series of the Trust at some future date. Such consent is conditioned upon the employment of FMR as investment adviser of each Series of the Trust. As between the Trust and itself, FMR controls the use of the name of the Trust insofar as such name contains the identifying word "Fidelity". FMR may from time to time use the identifying word "Fidelity" in other connections and for other purposes, including, without limitation, in the names of other investment companies, corporations or businesses which it may manage, advise, sponsor or own or in which it may have a financial interest. FMR may require the Trust or any Series thereof to cease using the identifying word "Fidelity" in the name of the Trust or any Series thereof if the Trust or any Series thereof ceases to employ FMR or a subsidiary or affiliate thereof as investment adviser.

IN WITNESS WHEREOF, the undersigned, being all of the initial Trustees of the Trust, have executed this instrument as of the date first first written above.

/s/ Edward C. Johnson
Edward C. Johnson 3d
/s/ J. Gary Burkhead
J. Gary Burkhead
/s/ Frank Nesvet
Frank Nesvet

EXHIBIT 1(b)
Filed January 11, 1990
THE COMMONWEALTH OF MASSACHUSETTS
MICHAEL JOSEPH CONNOLLY
SECRETARY OF THE COMMONWEALTH
STATE HOUSE - BOSTON, MA
SUPPLEMENT TO THE DECLARATION OF TRUST

We, J. Gary Burkhead, Senior Vice President and Arthur S. Loring, Secretary of
VARIABLE INSURANCE PRODUCTS FUND II
82 DEVONSHIRE STREET
BOSTON, MASSACHUSETTS 02109
do hereby certify that, in accordance with ARTICLE XII, SECTION 7 of the Declaration of Trust of VARIABLE INSURANCE PRODUCTS FUND II, the following Supplement to said Declaration of Trust was duly adopted by a majority shareholder vote at a meeting duly called and held on December 13, 1989:

VOTED:

That Section 1 of Article IX of the Declaration of Trust dated March 21, 1988, be and it hereby is, amended as follows:

"Section 1. The Trustees shall at all times employ a bank or trust company having capital, surplus and undivided profits of at least two million dollars ($2,000,000), or such other amount or such other entity as shall be allowed by the Commission or by the 1940 Act, as custodian with authority as its agent, but subject to such restrictions, limitations or other requirements, if any, as may be contained in the Bylaws of the Trust, if any:

(1) to hold the securities owned by the Trust and deliver the same upon written order or oral order, if confirmed in writing, or by such electro-mechanical or electronic devices as are agreed to by the Trust and the custodian, if such procedures have been authorized in writing by the Trust;

2) to receive and receipt for any moneys due to the Trust and deposit the same in its own banking department or elsewhere as the Trustees may direct; and

3) to disburse such funds upon orders or vouchers;

and the Trust may also employ such custodian as its agent:

1) to keep the books and accounts of the Trust and furnish clerical and accounting services; and

(2) to compute, if authorized to do so by the Trustees, the Net Asset Value of any Series in accordance with the Provisions hereof;

all upon such basis of compensation as may be agreed upon between the Trustees and the custodian. If so directed by a Majority Shareholder Vote, the custodian shall deliver and pay over all property of the Trust held by it as specified in such vote.

The Trustees may also authorize the custodian to employ one or more sub-custodians from time to time to perform such of the acts and services of the custodian, and upon such terms and conditions, as may be agreed upon between the custodian and such sub-custodian and approved by the Trustees, provided that in every case such sub-custodian shall be a bank or trust company organized under the laws of the United States or one of the states thereof and having capital, surplus and undivided profits of at least two million dollars ($2,000,000) or such other person as may be permitted by the Commission, or otherwise in accordance with the 1940 Act as from time to time amended."

The foregoing supplements to the Declaration of Trust will become effective January 1, 1990 so long as this is filed in accordance with Chapter 182, Section 2, of the General Laws.

IN WITNESS WHEREOF AND UNDER THE PENALTIES OF PERJURY, we have hereunto signed our names this 9th day of January, 1990.

/s/ J. Gary Burkhead	/s/Arthur S. Loring
J. Gary Burkhead	Arthur S. Loring
Senior Vice President	Secretary

EXHIBIT 5(c)
SUB-ADVISORY AGREEMENT
between
Fidelity Management & Research (U.K.) Inc.
and
FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 1st day of January, 1990, by and between Fidelity Management & Research (U.K.) Inc., a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Sub-Adviser") and Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Adviser").

WHEREAS the Adviser has entered into a Management Contract with Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Asset Manager Portfolio (hereinafter called the "Portfolio"), pursuant to which the Adviser is to act as investment adviser to the Portfolio, and

WHEREAS the Sub-Adviser has personnel in Western Europe and was formed for the purpose of researching and compiling information and recommendations with respect to the economies of various countries and issuers located outside of North America, principally in Western Europe.

NOW THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Adviser and the Sub-Adviser agree as follows:

1. The Sub-Adviser shall act as an investment consultant to the Adviser and shall furnish the Adviser factual information, research reports and investment recommendations relating to non-U.S. issuers of securities located in, and the economies of, various countries outside the U.S., all as the Adviser may reasonably require. Such information shall include written and oral reports and analyses.

2. The Sub-Adviser will be compensated by the Adviser on the following basis for the services to be furnished hereunder: the Adviser agrees to pay the Sub-Adviser a monthly fee equal to 110% of the Sub-Adviser's costs incurred in connection with the agreement, said costs to be determined in relation to the assets of the Portfolio that benefits from the services of the sub-adviser.

3. It is understood that Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser and the Sub-Adviser as directors, officers or otherwise and that directors, officers and

stockholders of the Adviser and the Sub-Adviser are or may be or become similarly interested in the Fund, and that the Adviser or the Sub-Adviser may be or become interested in the Fund as a shareholder or otherwise.

4. The Sub-Adviser shall for all purposes be an independent contractor and not an agent or employee of the Adviser or the Fund. The Sub-Adviser shall have no authority to act for, represent, bind or obligate the Adviser or the Fund, and shall in no event have discretion to invest or reinvest assets held by the Portfolio.

5. The Services of the Sub-Adviser to the Adviser are not to be deemed to be exclusive, the Sub-Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Adviser's ability to meet all of its obligations with respect to rendering investment advice hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Adviser, the Sub-Adviser shall not be subject to liability to the Adviser, the Fund or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Agreement shall continue in force until July 31, 1990 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the Fund's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Adviser, the Sub-Adviser and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance of modification of the Agreement must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to such Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Adviser, the Sub-Adviser or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

7. The Sub-Adviser is hereby expressly put on notice of the limitation of

shareholder liability as set forth in the Declaration of Trust of the Fund and agrees that any obligations of the Fund or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Adviser seek satisfaction of any such obligation from the Trustees or any individual Trustee.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

Fidelity Management & Research (U.K.) Inc.
By /s/ Charles F. Dornbush
Treasurer
FIDELITY MANAGEMENT & RESEARCH COMPANY
By /s/ J. Gary Burkhead
President

EXHIBIT 5(d)
SUB-ADVISORY AGREEMENT
between
Fidelity Management & Research (Far East) Inc.
and
FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 1st day of January, 1990, by and between Fidelity Management & Research (Far East) Inc., a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Sub-Adviser") and Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Adviser").

WHEREAS the Adviser has entered into a Management Contract with Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Asset Manager Portfolio (hereinafter called the "Portfolio"), pursuant to which the Adviser is to act as investment adviser to the Portfolio, and

WHEREAS the Sub-Adviser has personnel in Asia and the Pacific Basin and was formed for the purpose of researching and compiling information and recommendations with respect to the economies of various countries and issuers located outside of North America, principally in Asia and the Pacific Basin.

NOW THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Adviser and the Sub-Adviser agree as follows:

1. The Sub-Adviser shall act as an investment consultant to the Adviser and shall furnish the Adviser factual information, research reports and investment recommendations relating to non-U.S. issuers of securities located in, and the economies of, various countries outside the U.S., all as the Adviser may reasonably require. Such information shall include written and oral reports and analyses.

2. The Sub-Adviser will be compensated by the Adviser on the following basis for the services to be furnished hereunder: the Adviser agrees to pay the Sub-Adviser a monthly fee equal to 105% of the Sub-Adviser's costs incurred in connection with the agreement, said costs to be determined in relation to the assets of the Portfolio that benefits from the services of the sub-adviser.

3. It is understood that Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser and the Sub-Adviser as

directors, officers or otherwise and that directors, officers and stockholders of the Adviser and the Sub-Adviser are or may be or become similarly interested in the Fund, and that the Adviser or the Sub-Adviser may be or become interested in the Fund as a shareholder or otherwise.

4. The Sub-Adviser shall for all purposes be an independent contractor and not an agent or employee of the Adviser or the Fund. The Sub-Adviser shall have no authority to act for, represent, bind or obligate the Adviser or the Fund, and shall in no event have discretion to invest or reinvest assets held by the Portfolio.

5. The Services of the Sub-Adviser to the Adviser are not to be deemed to be exclusive, the Sub-Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Adviser's ability to meet all of its obligations with respect to rendering investment advice hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Adviser, the Sub-Adviser shall not be subject to liability to the Adviser, the Fund or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Agreement shall continue in force until July 31, 1990 and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the Fund's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Adviser, the Sub-Adviser and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance of modification of the Agreement must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to such Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Adviser, the Sub-Adviser or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

7. The Sub-Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust of the Fund and agrees that any obligations of the Fund or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Adviser seek satisfaction of any such obligation from the Trustees or any individual Trustee.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

Fidelity Management & Research (Far East) Inc.
By /s/ Charles F. Dornbush
Treasurer
FIDELITY MANAGEMENT & RESEARCH COMPANY
By /s/ J. Gary Burkhead
President

EXHIBIT 5(a)
MANAGEMENT CONTRACT
between
VARIABLE INSURANCE PRODUCTS FUND II:
Index 500 Portfolio
and
FIDELITY MANAGEMENT & RESEARCH COMPANY

AGREEMENT made this 1st day of January 1993, by and between Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Index 500 Portfolio (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser, at its own expense, shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. For services and facilities to be furnished hereunder, the Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month, at the annual rate of .28% of the average daily net assets of the Portfolio (computed in the manner set

forth in the Declaration of Trust) throughout the month; provided that the fee, so computed, shall be reduced by those Trustees who are not "interested persons" of the Fund or the Adviser. In the case of initiation or termination of this Contract during any month, the fee shall be reduced proportionately based on the number of business days during which it is in effect and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses other than those expressly stated to be payable by the Adviser hereunder, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until July 31, 1993 and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and obligations of any Portfolio under the Declaration of Trust are separate and distinct from those of any and all other Portfolios.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized all as of the date written above.

VARIABLE INSURANCE PRODUCTS FUND II
on behalf of Index 500 Portfolio

By /s/ J. Gary Burkhead
Senior Vice President

FIDELITY MANAGEMENT & RESEARCH COMPANY

By /s/ J. Gary Burkhead
President

EXHIBIT 5(b)

MANAGEMENT CONTRACT

between

VARIABLE INSURANCE PRODUCTS FUND II:

Investment Grade Bond Portfolio

and

FIDELITY MANAGEMENT & RESEARCH COMPANY

MODIFICATION made this 1st day of January, 1993, by and between Variable Insurance Products Fund II, a Massachusetts business trust that may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Investment Grade Bond Portfolio, (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

Required authorization and approval by shareholders and Trustees having been obtained, the Fund, on behalf of the Portfolio, and the Adviser hereby consent, pursuant to Paragraph 6 of the existing Management Contract dated November 21, 1988 to a modification of said Contract in the manner set forth below. The Modified Management Contract shall, when executed by duly authorized officers of the Fund and the Adviser, take effect on the first day of the month following approval.

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser, at its own expense, shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the

Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. Management Fee. The Adviser will be compensated on the following basis for the services and facilities to be furnished hereunder. The Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month which shall be computed as follows:

(a) Group Fee Rate. The Group fee rate shall be based upon the monthly average of the net assets of the registered investment companies having Advisory and Service or Management Contracts with the Adviser (computed in the manner set forth in the charter of each investment company) determined as of the close of business on each business day throughout the month. The group fee rate shall be determined on a cumulative basis pursuant to the following schedule:

Average Net Assets			Annualized Fee Rate (for each level)
0	-	$ 3 billion	.37%
3	-	6	.34%
6	-	9	.31%
9	-	12	.28%
12	-	15	.25%
15	-	18	.22%
18	-	21	.20%
21	-	24	.19%
24	-	30	.18%
30	-	36	.175%
36	-	42	.17%
42	-	48	.165%
48	-	66	.16%
66	-	84	.155%
84	-	120	.15%
120	-	174	.145%
174	-	200	.140%

Over	200	.140%

(b) Individual Fund Fee Rate. The Individual fund fee rate shall be .30%. The sum of the Group Fee Rate, calculated as described above to the nearest millionth, and the Individual Fund fee rate shall constitute the annual management fee rate. One-twelfth of the annual management fee shall be applied to the average of the net assets of the Portfolio (computed in the manner set forth in the Declaration of Trust of the Fund) determined as of the close of business on each business day throughout the month.

In case of termination of this Contract during any month, the fee for that month shall be reduced proportionately on the basis of the number of business days during which it is in effect, and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses other than those expressly stated to be payable by the Adviser hereunder, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until May 31, 1993 and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and obligations of any Portfolio under the Declaration of Trust are separate and distinct from those of any and all other Portfolios.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized all as of the date written above.

VARIABLE INSURANCE PRODUCTS FUND II
Investment Grade Bond Portfolio

By /s/ J. Gary Burkhead
Senior Vice President

FIDELITY MANAGEMENT & RESEARCH COMPANY

By /s/ J. Gary Burkhead
President

EXHIBIT 5(e)
MANAGEMENT CONTRACT
between
VARIABLE INSURANCE PRODUCTS FUND II:
Asset Manager Portfolio
and
FIDELITY MANAGEMENT & RESEARCH COMPANY

MODIFICATION made this 1st day of January, 1993, by and between Variable Insurance Products Fund II, a Massachusetts business trust that may issue one or more series of shares of beneficial interest (hereinafter called the "Fund"), on behalf of Asset Manager Portfolio, (hereinafter called the "Portfolio"), and Fidelity Management & Research Company, a Massachusetts corporation (hereinafter called the "Adviser").

Required authorization and approval by shareholders and Trustees having been obtained, the Fund, on behalf of the Portfolio, and the Adviser hereby consent, pursuant to Paragraph 6 of the existing Management Contract dated August 31, 1989 to a modification of said Contract in the manner set forth below. The Modified Management Contract shall, when executed by duly authorized officers of the Fund and the Adviser, take effect on the first day of the month following approval.

1. (a) Investment Advisory Services. The Adviser undertakes to act as investment adviser of the Portfolio and shall, subject to the supervision of the Fund's Board of Trustees, direct the investments of the Portfolio in accordance with the investment objective, policies and limitations as provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 and rules thereunder, as amended from time to time (the "1940 Act"), and such other limitations as the Portfolio may impose by notice in writing to the Adviser. The Adviser shall also furnish for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio; and shall pay the salaries and fees of all officers of the Fund, of all Trustees of the Fund who are "interested persons" of the Fund or of the Adviser and of all personnel of the Fund or the Adviser performing services relating to research, statistical and investment activities. The Adviser is authorized, in its discretion and without prior consultation with the Portfolio, to buy, sell, lend and otherwise trade in any stocks, bonds and other securities and investment instruments on behalf of the Portfolio. The investment policies and all other actions of the Portfolio are and shall at all times be subject to the control and direction of the Fund's Board of Trustees.

(b) Management Services. The Adviser shall perform (or arrange for the performance by its affiliates of) the management and administrative services necessary for the operation of the Fund. The Adviser shall, subject to the supervision of the Board of Trustees, perform various services for the Portfolio, including but not limited to: (i) providing the Portfolio with office space, equipment and facilities (which may be its own) for maintaining its organization; (ii) on behalf of the Portfolio, supervising relations with, and monitoring the performance of, custodians, depositories, transfer and pricing agents, accountants, attorneys, underwriters, brokers and dealers, insurers and other persons in any capacity deemed to be necessary or desirable; (iii) preparing all general shareholder communications, including shareholder reports; (iv) conducting shareholder relations; (v) maintaining the Fund's existence and its records; (vi) during such times as shares are publicly offered, maintaining the registration and qualification of the Portfolio's shares under federal and state law; and (vii) investigating the development of and developing and implementing, if appropriate, management and shareholder services designed to enhance the value or convenience of the Portfolio as an investment vehicle.

The Adviser shall also furnish such reports, evaluations, information or analyses to the Fund as the Fund's Board of Trustees may request from time to time or as the Adviser may deem to be desirable. The Adviser shall make recommendations to the Fund's Board of Trustees with respect to Fund policies, and shall carry out such policies as are adopted by the Trustees. The Adviser shall, subject to review by the Board of Trustees, furnish such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under this Contract.

(c) The Adviser, at its own expense, shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Adviser, which may include brokers or dealers affiliated with the Adviser. The Adviser shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or the other accounts over which the Adviser or its affiliates exercise investment discretion. The Adviser is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. The Trustees of the Fund shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

The Adviser shall, in acting hereunder, be an independent contractor. The Adviser shall not be an agent of the Portfolio.

2. It is understood that the Trustees, officers and shareholders of the Fund are or may be or become interested in the Adviser as directors, officers or otherwise and that directors, officers and stockholders of the

Adviser are or may be or become similarly interested in the Fund, and that the Adviser may be or become interested in the Fund as a shareholder or otherwise.

3. Management Fee. The Adviser will be compensated on the following basis for the services and facilities to be furnished hereunder. The Adviser shall receive a monthly management fee, payable monthly as soon as practicable after the last day of each month which shall be computed as follows:

(a) Group Fee Rate. The Group fee rate shall be based upon the monthly average of the net assets of the registered investment companies having Advisory and Service or Management Contracts with the Adviser (computed in the manner set forth in the charter of each investment company) determined as of the close of business on each business day throughout the month. The group fee rate shall be determined on a cumulative basis pursuant to the following schedule:

Average Net Assets			Annualized Fee Rate (for each level)
0	-	$ 3 billion	.52%
3	-	6	.49%
6	-	9	.46%
9	-	12	.43%
12	-	15	.40%
15	-	18	.385%
18	-	21	.37%
21	-	24	.36%
24	-	30	.35%
30	-	36	.345%
36	-	42	.34%
42	-	48	.335%
48	-	66	.325%
66	-	84	.320%
84	-	102	.315%
102	-	138	.310%
138	-	174	.305%

174	-	200	.300%
Over		200	.300%

(b) Individual Fund Fee Rate. The Individual fund fee rate shall be .40%. The sum of the Group Fee Rate, calculated as described above to the nearest millionth, and the Individual Fund fee rate shall constitute the annual management fee rate. One-twelfth of the annual management fee rate shall be applied to the average of the net assets of the Portfolio (computed in the manner set forth in the Declaration of Trust of the Fund) determined as of the close of business on each business day throughout the month.

In case of termination of this Contract during any month, the fee for that month shall be reduced proportionately on the basis of the number of business days during which it is in effect, and the fee computed upon the average net assets for the business days it is so in effect for that month.

4. It is understood that the Portfolio will pay all its expenses other than those expressly stated to be payable by the Adviser hereunder, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Fund's Trustees other than those who are "interested persons" of the Fund or the Adviser; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Fund and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefor; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Adviser, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Fund's Trustees and officers with respect thereto.

5. The services of the Adviser to the Portfolio are not to be deemed exclusive, the Adviser being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Contract, interfere, in a material manner, with the Adviser's ability to meet all of its obligations with respect to rendering services to the Portfolio hereunder. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Portfolio or to any

shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

6. (a) Subject to prior termination as provided in sub-paragraph (d) of this paragraph 6, this Contract shall continue in force until July 31, 1993, and indefinitely thereafter, but only so long as the continuance after such date shall be specifically approved at least annually by vote of the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Contract may be modified by mutual consent, such consent on the part of the Fund to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of sub-paragraphs (a) and (b) of this paragraph 6, the terms of any continuance or modification of this Contract must have been approved by the vote of a majority of those Trustees of the Fund who are not parties to the Contract or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Contract, without payment of any penalty, by action of its Trustees or Board of Directors, as the case may be, or with respect to the Portfolio by vote of a majority of the outstanding voting securities of the Portfolio. This Contract shall terminate automatically in the event of its assignment.

7. The Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Fund's Declaration of Trust and agrees that the obligations assumed by the Fund pursuant to this Contract shall be limited in all cases to the Portfolio and its assets, and the Adviser shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio or any other Portfolios of the Fund. In addition, the Adviser shall not seek satisfaction of any such obligations from the Trustees or any individual Trustee. The Adviser understands that the rights and obligations of any Portfolio under the Declaration of Trust are separate and distinct from those of any and all other Portfolios.

The terms "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act, as now in effect or as hereafter amended, and subject to such orders as may be granted by the Securities and Exchange Commission.

IN WITNESS WHEREOF the parties have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized all as of the date written above.

VARIABLE INSURANCE PRODUCTS FUND II
Asset Manager Portfolio
By /s/ J. Gary Burkhead
Senior Vice President

FIDELITY MANAGEMENT & RESEARCH COMPANY
By /s/ J. Gary Burkhead
President

EXHIBIT 5(j)
SUB-ADVISORY AGREEMENT
BETWEEN
FIDELITY MANAGEMENT & RESEARCH COMPANY
AND
FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.
AND
VARIABLE INSURANCE PRODUCTS FUND II ON BEHALF OF
CONTRAFUND PORTFOLIO

AGREEMENT made this 1st day of December, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (U.K.) Inc. (hereinafter called the "Sub-Advisor"); and Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Contrafund Portfolio (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage all or a portion of the investments of the Portfolio in accordance with the

investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) SUBSIDIARIES AND AFFILIATES: The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. Information to be Provided to the Trust and the Advisor: The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that such amount of commission is reasonable in relation to the value of the

brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 110% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers or reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph (1) for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the Portfolio, which expenses payable by the Portfolio shall include, without

limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995, and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the Trust's Board of Trustees or by vote of a majority of the outstanding

voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.

BY: /s/ Stephen Jonas

Stephen Jonas

Treasurer

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

J. Gary Burkhead

President

VARIABLE INSURANCE PRODUCTS FUND II ON BEHALF OF
CONTRAFUND PORTFOLIO

BY: /s/ J. Gary Burkhead

J. Gary Burkhead

Senior Vice President

EXHIBIT 5(k)
SUB-ADVISORY AGREEMENT
BETWEEN
FIDELITY MANAGEMENT & RESEARCH COMPANY
AND
FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.
AND
VARIABLE INSURANCE PRODUCTS FUND II ON BEHALF OF
CONTRAFUND PORTFOLIO

AGREEMENT made this 1st day of December, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (Far East) Inc. (hereinafter called the "Sub-Advisor"); and Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Contrafund Portfolio (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage all or a portion of the investments of the Portfolio in accordance with the

investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money, or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) SUBSIDIARIES AND AFFILIATES: The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. Information to be Provided to the Trust and the Advisor: The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that such amount of commission is reasonable in relation to the value of the

brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 105% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers and reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph 1 for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the Portfolio, which expenses payable by the Portfolio shall include, without

limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995, and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the Trust's Board of Trustees or by vote of a majority of the outstanding

voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.

BY: /s/ Stephen Jonas

Stephen Jonas

Treasurer

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

J. Gary Burkhead

President

VARIABLE INSURANCE PRODUCTS FUND II ON BEHALF OF
CONTRAFUND PORTFOLIO

BY: /s/ J. Gary Burkhead

J. Gary Burkhead

Senior Vice President

EXHIBIT 5(f)

SUB-ADVISORY AGREEMENT
BETWEEN
FIDELITY MANAGEMENT & RESEARCH COMPANY
AND
FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.
AND
VARIABLE INSURANCE PRODUCTS FUND II ON BEHALF OF
ASSET MANAGER: GROWTH PORTFOLIO

AGREEMENT made this 1st day of December, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (U.K.) Inc. (hereinafter called the "Sub-Advisor"); and Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Asset Manager: Growth Portfolio (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage all or a portion of the investments of the Portfolio in accordance with the

investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) SUBSIDIARIES AND AFFILIATES: The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. Information to be Provided to the Trust and the Advisor: The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that such amount of commission is reasonable in relation to the value of the

brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 110% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers or reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph (1) for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the Portfolio, which expenses payable by the Portfolio shall include, without

limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995, and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the Trust's Board of Trustees or by vote of a majority of the outstanding

voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (U.K.) INC.

BY: /s/ Stephen Jonas

Stephen Jonas

Treasurer

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

J. Gary Burkhead

President

VARIABLE INSURANCE PRODUCTS FUND II ON BEHALF OF
ASSET MANAGER: GROWTH PORTFOLIO

BY: /s/ J. Gary Burkhead

J. Gary Burkhead

Senior Vice President

EXHIBIT 5(g)

SUB-ADVISORY AGREEMENT
BETWEEN
FIDELITY MANAGEMENT & RESEARCH COMPANY
AND
FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.
AND
VARIABLE INSURANCE PRODUCTS FUND II ON BEHALF OF
ASSET MANAGER: GROWTH PORTFOLIO

AGREEMENT made this 1st day of December, 1994, by and between Fidelity Management & Research Company, a Massachusetts corporation with principal offices at 82 Devonshire Street, Boston, Massachusetts (hereinafter called the "Advisor"); Fidelity Management & Research (Far East) Inc. (hereinafter called the "Sub-Advisor"); and Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of shares of beneficial interest (hereinafter called the "Trust") on behalf of Asset Manager: Growth Portfolio (hereinafter called the "Portfolio").

WHEREAS the Trust and the Advisor have entered into a Management Contract on behalf of the Portfolio, pursuant to which the Advisor is to act as investment manager of the Portfolio; and

WHEREAS the Sub-Advisor and its subsidiaries and other affiliated persons have personnel in various locations throughout the world and have been formed in part for the purpose of researching and compiling information and recommendations with respect to the economies of various countries, and securities of issuers located in such countries, and providing investment advisory services in connection therewith;

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the Trust, the Advisor and the Sub-Advisor agree as follows:

1. Duties: The Advisor may, in its discretion, appoint the Sub-Advisor to perform one or more of the following services with respect to all or a portion of the investments of the Portfolio. The services and the portion of the investments of the Portfolio to be advised or managed by the Sub-Advisor shall be as agreed upon from time to time by the Advisor and the Sub-Advisor. The Sub-Advisor shall pay the salaries and fees of all personnel of the Sub-Advisor performing services for the Portfolio relating to research, statistical and investment activities.

(a) INVESTMENT ADVICE: If and to the extent requested by the Advisor, the Sub-Advisor shall provide investment advice to the Portfolio and the Advisor with respect to all or a portion of the investments of the Portfolio, and in connection with such advice shall furnish the Portfolio and the Advisor such factual information, research reports and investment recommendations as the Advisor may reasonably require. Such information may include written and oral reports and analyses.

(b) INVESTMENT MANAGEMENT: If and to the extent requested by the Advisor, the Sub-Advisor shall, subject to the supervision of the Advisor, manage all or a portion of the investments of the Portfolio in accordance with the investment objective, policies and limitations provided in the Portfolio's Prospectus or other governing instruments, as amended from time to time, the Investment Company Act of 1940 (the "1940 Act") and rules thereunder, as amended from time to time, and such other limitations as the Trust or Advisor may impose with respect to the Portfolio by notice to the Sub-Advisor. With respect to the portion of the investments of the Portfolio under its management, the Sub-Advisor is authorized to make investment decisions on behalf of the Portfolio with regard to any stock, bond, other security or investment instrument, and to place orders for the purchase and sale of such securities through such broker-dealers as the Sub-Advisor may select. The Sub-Advisor may also be authorized, but only to the extent such duties are delegated in writing by the Advisor, to provide additional investment management services to the Portfolio, including but not limited to services such as managing foreign currency investments, purchasing and selling or writing futures and options contracts, borrowing money, or lending securities on behalf of the Portfolio. All investment management and any other activities of the Sub-Advisor shall at all times be subject to the control and direction of the Advisor and the Trust's Board of Trustees.

(c) SUBSIDIARIES AND AFFILIATES: The Sub-Advisor may perform any or all of the services contemplated by this Agreement directly or through such of its subsidiaries or other affiliated persons as the Sub-Advisor shall determine; provided, however, that performance of such services through such subsidiaries or other affiliated persons shall have been approved by the Trust to the extent required pursuant to the 1940 Act and rules thereunder.

2. Information to be Provided to the Trust and the Advisor: The Sub-Advisor shall furnish such reports, evaluations, information or analyses to the Trust and the Advisor as the Trust's Board of Trustees or the Advisor may reasonably request from time to time, or as the Sub-Advisor may deem to be desirable.

3. Brokerage: In connection with the services provided under subparagraph (b) of paragraph 1 of this Agreement, the Sub-Advisor shall place all orders for the purchase and sale of portfolio securities for the Portfolio's account with brokers or dealers selected by the Sub-Advisor, which may include brokers or dealers affiliated with the Advisor or Sub-Advisor. The Sub-Advisor shall use its best efforts to seek to execute portfolio transactions at prices which are advantageous to the Portfolio and at commission rates which are reasonable in relation to the benefits received. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Portfolio and/or to the other accounts over which the Sub-Advisor or Advisor exercise investment discretion. The Sub-Advisor is authorized to pay a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction for the Portfolio which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Sub-Advisor determines in good faith that

such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer. This determination may be viewed in terms of either that particular transaction or the overall responsibilities which the Sub-Advisor has with respect to accounts over which it exercises investment discretion. The Trustees of the Trust shall periodically review the commissions paid by the Portfolio to determine if the commissions paid over representative periods of time were reasonable in relation to the benefits to the Portfolio.

4. Compensation: The Advisor shall compensate the Sub-Advisor on the following basis for the services to be furnished hereunder.

(a) INVESTMENT ADVISORY FEE: For services provided under subparagraph (a) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Sub-Advisory Fee. The Sub-Advisory Fee shall be equal to 105% of the Sub-Advisor's costs incurred in connection with rendering the services referred to in subparagraph (a) of paragraph 1 of this Agreement. The Sub-Advisory Fee shall not be reduced to reflect expense reimbursements or fee waivers by the Advisor, if any, in effect from time to time.

(b) INVESTMENT MANAGEMENT FEE: For services provided under subparagraph (b) of paragraph 1 of this Agreement, the Advisor agrees to pay the Sub-Advisor a monthly Investment Management Fee. The Investment Management Fee shall be equal to: (i) 50% of the monthly management fee rate (including performance adjustments, if any) that the Portfolio is obligated to pay the Advisor under its Management Contract with the Advisor, multiplied by: (ii) the fraction equal to the net assets of the Portfolio as to which the Sub-Advisor shall have provided investment management services divided by the net assets of the Portfolio for that month. If in any fiscal year the aggregate expenses of the Portfolio exceed any applicable expense limitation imposed by any state or federal securities laws or regulations, and the Advisor waives all or a portion of its management fee or reimburses the Portfolio for expenses to the extent required to satisfy such limitation, the Investment Management Fee paid to the Sub-Advisor will be reduced by 50% of the amount of such waivers or reimbursements multiplied by the fraction determined in (ii). If the Sub-Advisor reduces its fees to reflect such waivers or reimbursements and the Advisor subsequently recovers all or any portion of such waivers and reimbursements, then the Sub-Advisor shall be entitled to receive from the Advisor a proportionate share of the amount recovered. To the extent that waivers and reimbursements by the Advisor required by such limitations are in excess of the Advisor's management fee, the Investment Management Fee paid to the Sub-Advisor will be reduced to zero for that month, but in no event shall the Sub-Advisor be required to reimburse the Advisor for all or a portion of such excess reimbursements.

(c) PROVISION OF MULTIPLE SERVICES: If the Sub-Advisor shall have provided both investment advisory services under subparagraph (a) and investment management services under subparagraph (b) of paragraph 1 for the same portion of the investments of the Portfolio for the same period, the fees paid to the Sub-Advisor with respect to such investments shall be calculated exclusively under subparagraph (b) of this paragraph 4.

5. Expenses: It is understood that the Portfolio will pay all of its expenses other than those expressly stated to be payable by the Sub-Advisor hereunder or by the Advisor under the Management Contract with the

Portfolio, which expenses payable by the Portfolio shall include, without limitation, (i) interest and taxes; (ii) brokerage commissions and other costs in connection with the purchase or sale of securities and other investment instruments; (iii) fees and expenses of the Trust's Trustees other than those who are "interested persons" of the Trust, the Sub-Advisor or the Advisor; (iv) legal and audit expenses; (v) custodian, registrar and transfer agent fees and expenses; (vi) fees and expenses related to the registration and qualification of the Trust and the Portfolio's shares for distribution under state and federal securities laws; (vii) expenses of printing and mailing reports and notices and proxy material to shareholders of the Portfolio; (viii) all other expenses incidental to holding meetings of the Portfolio's shareholders, including proxy solicitations therefore; (ix) a pro rata share, based on relative net assets of the Portfolio and other registered investment companies having Advisory and Service or Management Contracts with the Advisor, of 50% of insurance premiums for fidelity and other coverage; (x) its proportionate share of association membership dues; (xi) expenses of typesetting for printing Prospectuses and Statements of Additional Information and supplements thereto; (xii) expenses of printing and mailing Prospectuses and Statements of Additional Information and supplements thereto sent to existing shareholders; and (xiii) such non-recurring or extraordinary expenses as may arise, including those relating to actions, suits or proceedings to which the Portfolio is a party and the legal obligation which the Portfolio may have to indemnify the Trust's Trustees and officers with respect thereto.

6. Interested Persons: It is understood that Trustees, officers, and shareholders of the Trust are or may be or become interested in the Advisor or the Sub-Advisor as directors, officers or otherwise and that directors, officers and stockholders of the Advisor or the Sub-Advisor are or may be or become similarly interested in the Trust, and that the Advisor or the Sub-Advisor may be or become interested in the Trust as a shareholder or otherwise.

7. Services to Other Companies or Accounts: The services of the Sub-Advisor to the Advisor are not to be deemed to be exclusive, the Sub-Advisor being free to render services to others and engage in other activities, provided, however, that such other services and activities do not, during the term of this Agreement, interfere, in a material manner, with the Sub-Advisor's ability to meet all of its obligations hereunder. The Sub-Advisor shall for all purposes be an independent contractor and not an agent or employee of the Advisor or the Trust.

8. Standard of Care: In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Sub-Advisor, the Sub-Advisor shall not be subject to liability to the Advisor, the Trust or to any shareholder of the Portfolio for any act or omission in the course of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of any security.

9. Duration and Termination of Agreement; Amendments:

(a) Subject to prior termination as provided in subparagraph (d) of this paragraph 9, this Agreement shall continue in force until July 31, 1995, and indefinitely thereafter, but only so long as the continuance after such period shall be specifically approved at least annually by vote of the

Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio.

(b) This Agreement may be modified by mutual consent of the Advisor, the Sub-Advisor and the Portfolio, such consent on the part of the Portfolio to be authorized by vote of a majority of the outstanding voting securities of the Portfolio.

(c) In addition to the requirements of subparagraphs (a) and (b) of this paragraph 9, the terms of any continuance or modification of this Agreement must have been approved by the vote of a majority of those Trustees of the Trust who are not parties to this Agreement or interested persons of any such party, cast in person at a meeting called for the purpose of voting on such approval.

(d) Either the Advisor, the Sub-Advisor or the Portfolio may, at any time on sixty (60) days' prior written notice to the other parties, terminate this Agreement, without payment of any penalty, by action of its Board of Trustees or Directors, or with respect to the Portfolio by vote of a majority of its outstanding voting securities. This Agreement shall terminate automatically in the event of its assignment.

10. Limitation of Liability: The Sub-Advisor is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Trust and agrees that any obligations of the Trust or the Portfolio arising in connection with this Agreement shall be limited in all cases to the Portfolio and its assets, and the Sub-Advisor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Portfolio. Nor shall the Sub-Advisor seek satisfaction of any such obligation from the Trustees or any individual Trustee.

11. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

The terms "registered investment company," "vote of a majority of the outstanding voting securities," "assignment," and "interested persons," when used herein, shall have the respective meanings specified in the 1940 Act as now in effect or as hereafter amended.

IN WITNESS WHEREOF the parties hereto have caused this instrument to be signed in their behalf by their respective officers thereunto duly authorized, and their respective seals to be hereunto affixed, all as of the date written above.

FIDELITY MANAGEMENT & RESEARCH (FAR EAST) INC.

BY: /s/ Stephen Jonas

Stephen Jonas

Treasurer

FIDELITY MANAGEMENT & RESEARCH COMPANY

BY: /s/ J. Gary Burkhead

J. Gary Burkhead

President

VARIABLE INSURANCE PRODUCTS FUND II ON BEHALF OF
ASSET MANAGER: GROWTH PORTFOLIO

BY: /s/ J. Gary Burkhead

J. Gary Burkhead

Senior Vice President

EXHIBIT 6(a)
GENERAL DISTRIBUTION AGREEMENT
between
VARIABLE INSURANCE PRODUCTS FUND II:
Short-Term Portfolio
and
FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 11th day of November 1988, by and between Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Short-Term Portfolio, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to the Distributor the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: the Distributor (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").

2. Sale of Shares by the Issuer - The rights granted to the Distributor shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.

3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.

4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by the Distributor or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, the Distributor shall have the

right subject to such rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by the Distributor except such unconditional orders as may have been placed with the Distributor before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and the Distributor's authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to the Distributor, the Distributor agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent the Distributor from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate the Distributor to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, the Distributor shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - The Distributor is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for the Distributor's use. This shall not be construed to prevent the Distributor from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through the Distributor, and the Distributor may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares the Distributor may reasonably be expected to sell. The

Issuer shall make available to the Distributor such number of copies of its currently effective Prospectus and Statement of Additional Information as the Distributor may reasonably request. The Issuer shall furnish to the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse the Distributor for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless the Distributor and each of its directors and officers and each person, if any, who controls the Distributor within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify the Distributor or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of the Distributor. In no case (i) is the indemnity of the Issuer in favor of the Distributor or any person indemnified to be deemed to protect the Distributor or any person against any liability to the Issuer or its security holders to which the Distributor or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Distributor or any person indemnified unless the Distributor or person, as the case may be, shall have notified the Issuer in writing of

the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Distributor or any such person (or after the Distributor or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to the Distributor or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Distributor or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, the Distributor, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse the Distributor, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify the Distributor promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

The Distributor also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of the Distributor or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of the Distributor. In no case (i) is the indemnity of the Distributor in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Distributor to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified the Distributor in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify the Distributor of any claim shall not relieve the Distributor from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to the Distributor, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if the Distributor elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that the Distributor elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If the Distributor does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Distributor agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1989 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to the Distributor, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - The Distributor is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its

assets. The Distributor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall the Distributor seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. The Distributor understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust are separate and distinct from those of any and all other series.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and the Distributor has executed this instrument in its name and behalf, and its corporate seal affixed, by one of its officers duly authorized, as of the day and year first above written.

VARIABLE INSURANCE PRODUCTS FUND II on
behalf of Short-Term Portfolio

Attest /s/ Arthur S. Loring By /s/ J. Gary Burkhead
Secretary

FIDELITY DISTRIBUTORS CORPORATION

Attest /s/ Arthur S. Loring By /s/ John F. O'Brien
Clerk

EXHIBIT 6(b)

GENERAL DISTRIBUTION AGREEMENT

between

VARIABLE INSURANCE PRODUCTS FUND II:

Asset Manager Portfolio

and

FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 31st day of August 1989, by and between Variable Insurance Products Fund II, a Massachusetts business trust which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Asset Manager Portfolio, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to the Distributor the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: the Distributor (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").

2. Sale of Shares by the Issuer - The rights granted to the Distributor shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.

3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.

4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by the Distributor or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, the Distributor shall have the

right subject to such rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.
5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by the Distributor except such unconditional orders as may have been placed with the Distributor before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and the Distributor's authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.
6. Solicitation of Sales - In consideration of these rights granted to the Distributor, the Distributor agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent the Distributor from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate the Distributor to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, the Distributor shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.
7. Authorized Representations - The Distributor is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for the Distributor's use. This shall not be construed to prevent the Distributor from preparing and distributing sales literature or other material as it may deem appropriate.
8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through the Distributor, and the Distributor may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.
9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares the Distributor may reasonably be expected to sell. The

Issuer shall make available to the Distributor such number of copies of its currently effective Prospectus and Statement of Additional Information as the Distributor may reasonably request. The Issuer shall furnish to the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse the Distributor for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless the Distributor and each of its directors and officers and each person, if any, who controls the Distributor within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify the Distributor or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of the Distributor. In no case (i) is the indemnity of the Issuer in favor of the Distributor or any person indemnified to be deemed to protect the Distributor or any person against any liability to the Issuer or its security holders to which the Distributor or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Distributor or any person indemnified unless the Distributor or person, as the case may be, shall have notified the Issuer in writing of

the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Distributor or any such person (or after the Distributor or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to the Distributor or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Distributor or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, the Distributor, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse the Distributor, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify the Distributor promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

The Distributor also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of the Distributor or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of the Distributor. In no case (i) is the indemnity of the Distributor in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Distributor to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified the Distributor in writing of the claim within a reasonable time after the summons or other first written notification

giving information of the nature of the claim shall have been served upon the Issuer or any such person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify the Distributor of any claim shall not relieve the Distributor from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to the Distributor, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if the Distributor elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that the Distributor elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If the Distributor does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Distributor agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.
12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1990 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.
13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to the Distributor, at 82 Devonshire Street, Boston, Massachusetts.
14. Limitation of Liability - The Distributor is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its

assets. The Distributor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall the Distributor seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. The Distributor understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust are separate and distinct from those of any and all other series.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and the Distributor has executed this instrument in its name and behalf, and its corporate seal affixed, by one of its officers duly authorized, as of the day and year first above written.

VARIABLE INSURANCE PRODUCTS FUND II on
behalf of Asset Manager Portfolio

Attest /s/ Arthur S. Loring By /s/ J. Gary Burkhead
Secretary

FIDELITY DISTRIBUTORS CORPORATION

Attest /s/ Arthur S. Loring By /s/ Roger Lawson
Clerk

EXHIBIT 6(c)

GENERAL DISTRIBUTION AGREEMENT

between

VARIABLE INSURANCE PRODUCTS FUND II:

Index 500 Portfolio

and

FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 27th day of August, 1992, between Variable Insurance Products Fund II, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Index 500 Portfolio, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to the Distributor the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: the Distributor (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").

2. Sale of Shares by the Issuer - The rights granted to the Distributor shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.

3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.

4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by the Distributor or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all

sales. If a sales charge is in effect, the Distributor shall have the right subject to such rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by the Distributor except such unconditional orders as may have been placed with the Distributor before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and the Distributor's authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to the Distributor, the Distributor agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent the Distributor from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate the Distributor to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, the Distributor shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - The Distributor is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for the Distributor's use. This shall not be construed to prevent the Distributor from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through the Distributor, and the Distributor may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer. However, all sums of money received by the Distributor as a result of such purchases and sales or as a result of such participation must, after reimbursement of actual expenses of the Distributor in connection with such activity, be

paid over by the Distributor for the benefit of the Issuer.
9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares the Distributor may reasonably be expected to sell. The Issuer shall make available to the Distributor such number of copies of its currently effective Prospectus and Statement of Additional Information as the Distributor may reasonably request. The Issuer shall furnish to the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of shares of the Issuer.
10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse the Distributor for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.
11. Indemnification - The Issuer agrees to indemnify and hold harmless the Distributor and each of its directors and officers and each person, if any, who controls the Distributor within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify the Distributor or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of the Distributor. In no case (i) is the indemnity of the Issuer in favor of the Distributor or any person indemnified to be deemed to protect the Distributor or any person against any liability to the Issuer or its security holders to which the Distributor or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties

or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Distributor or any person indemnified unless the Distributor or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Distributor or any such person (or after the Distributor or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to the Distributor or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Distributor or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, the Distributor, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse the Distributor, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify the Distributor promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

The Distributor also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of the Distributor or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of the Distributor. In no case (i) is the indemnity of the Distributor in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or

(ii) is the Distributor to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified the Distributor in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify the Distributor of any claim shall not relieve the Distributor from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to the Distributor, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if the Distributor elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that the Distributor elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If the Distributor does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Distributor agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1993 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts,

and if to the Distributor, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - The Distributor is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. The Distributor shall not seek satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall the Distributor seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. The Distributor understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust are separate and distinct from those of any and all other series.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and the Distributor has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

VARIABLE INSURANCE PRODUCTS FUND II

Attest /s/ Arthur S. Loring By /s/ J. Gary Burkhead

Secretary

FIDELITY DISTRIBUTORS CORPORATION

Attest /s/ Arthur S. Loring By /s/ Kurt A. Lange

Clerk

EXHIBIT 6(d)
GENERAL DISTRIBUTION AGREEMENT
between
VARIABLE INSURANCE PRODUCTS FUND II
and
FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 1st day of December, 1994, between Variable Insurance Products Fund II, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Asset Manager: Growth Portfolio, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to Distributors the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: Distributors (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").

2. Sale of Shares by the Issuer - The rights granted to Distributors shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.

3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.

4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by Distributors or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, Distributors shall have the right subject to such

rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by Distributors except such unconditional orders as may have been placed with Distributors before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and Distributors' authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to Distributors, Distributors agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent Distributors from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate Distributors to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, Distributors shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - Distributors is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for Distributors' use. This shall not be construed to prevent Distributors from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through Distributors, and Distributors may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares Distributors may reasonably be expected to sell. The

Issuer shall make available to Distributors such number of copies of its currently effective Prospectus and Statement of Additional Information as Distributors may reasonably request. The Issuer shall furnish to Distributors copies of all information, financial statements and other papers which Distributors may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse Distributors for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless Distributors and each of its directors and officers and each person, if any, who controls Distributors within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify Distributors or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of the Issuer in favor of Distributors or any person indemnified to be deemed to protect Distributors or any person against any liability to the Issuer or its security holders to which Distributors or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against Distributors or any person indemnified unless Distributors or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable

time after the summons or other first written notification giving information of the nature of the claim shall have been served upon Distributors or any such person (or after Distributors or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to Distributors or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to Distributors or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify Distributors promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

Distributors also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of Distributors or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of Distributors in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is Distributors to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified Distributors in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify Distributors of any claim shall not relieve Distributors from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to Distributors, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if Distributors elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that Distributors elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If Distributors does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Distributors agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1995 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to Distributors, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - Distributors is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. Distributors shall not seek

satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall Distributors seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. Distributors understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust or other organizational document are separate and distinct from those of any and all other series.

15. This agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and Distributors has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

VARIABLE INSURANCE PRODUCTS FUND II

By /s/ J. Gary Burkhead

J. Gary Burkhead

Senior Vice President

FIDELITY DISTRIBUTORS CORPORATION

By /s/ Kurt A. Lange

Kurt A. Lange

President

EXHIBIT 6(e)
GENERAL DISTRIBUTION AGREEMENT
between
VARIABLE INSURANCE PRODUCTS FUND II
and
FIDELITY DISTRIBUTORS CORPORATION

Agreement made this 1st day of December, 1994, between Variable Insurance Products Fund II, a Massachusetts business trust having its principal place of business in Boston, Massachusetts and which may issue one or more series of beneficial interest ("Issuer"), with respect to shares of Contrafund Portfolio, a series of the Issuer, and Fidelity Distributors Corporation, a Massachusetts corporation having its principal place of business in Boston, Massachusetts ("Distributors").

In consideration of the mutual promises and undertakings herein contained, the parties agree as follows:

1. Sale of Shares - The Issuer grants to Distributors the right to sell shares on behalf of the Issuer during the term of this Agreement and subject to the registration requirements of the Securities Act of 1933, as amended ("1933 Act"), and of the laws governing the sale of securities in the various states ("Blue Sky Laws") under the following terms and conditions: Distributors (i) shall have the right to sell, as agent on behalf of the Issuer, shares authorized for issue and registered under the 1933 Act, and (ii) may sell shares under offers of exchange, if available, between and among the funds advised by Fidelity Management & Research Company ("FMR").

2. Sale of Shares by the Issuer - The rights granted to Distributors shall be nonexclusive in that the Issuer reserves the right to sell its shares to investors on applications received and accepted by the Issuer. Further, the Issuer reserves the right to issue shares in connection with the merger or consolidation, or acquisition by the Issuer through purchase or otherwise, with any other investment company, trust, or personal holding company.

3. Shares Covered by this Agreement - This Agreement shall apply to unissued shares of the Issuer, shares of the Issuer held in its treasury in the event that in the discretion of the Issuer treasury shares shall be sold, and shares of the Issuer repurchased for resale.

4. Public Offering Price - Except as otherwise noted in the Issuer's current Prospectus and/or Statement of Additional Information, all shares sold to investors by Distributors or the Issuer will be sold at the public offering price. The public offering price for all accepted subscriptions will be the net asset value per share, as determined in the manner described in the Issuer's current Prospectus and/or Statement of Additional Information, plus a sales charge (if any) described in the Issuer's current Prospectus and/or Statement of Additional Information. The Issuer shall in all cases receive the net asset value per share on all sales. If a sales charge is in effect, Distributors shall have the right subject to such

rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940 to pay a portion of the sales charge to dealers who have sold shares of the Issuer. If a fee in connection with shareholder redemptions is in effect, the Issuer shall collect the fee on behalf of Distributors and, unless otherwise agreed upon by the Issuer and Distributors, Distributors shall be entitled to receive all of such fees.

5. Suspension of Sales - If and whenever the determination of net asset value is suspended and until such suspension is terminated, no further orders for shares shall be processed by Distributors except such unconditional orders as may have been placed with Distributors before it had knowledge of the suspension. In addition, the Issuer reserves the right to suspend sales and Distributors' authority to process orders for shares on behalf of the Issuer if, in the judgment of the Issuer, it is in the best interests of the Issuer to do so. Suspension will continue for such period as may be determined by the Issuer.

6. Solicitation of Sales - In consideration of these rights granted to Distributors, Distributors agrees to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the Issuer. This shall not prevent Distributors from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. This does not obligate Distributors to register as a broker or dealer under the Blue Sky Laws of any jurisdiction in which it is not now registered or to maintain its registration in any jurisdiction in which it is now registered. If a sales charge is in effect, Distributors shall have the right to enter into sales agreements with dealers of its choice for the sale of shares of the Issuer to the public at the public offering price only and fix in such agreements the portion of the sales charge which may be retained by dealers, provided that the Issuer shall approve the form of the dealer agreement and the dealer discounts set forth therein and shall evidence such approval by filing said form of dealer agreement and amendments thereto as an exhibit to its currently effective Registration Statement under the 1933 Act.

7. Authorized Representations - Distributors is not authorized by the Issuer to give any information or to make any representations other than those contained in the appropriate registration statements or Prospectuses and Statements of Additional Information filed with the Securities and Exchange Commission under the 1933 Act (as these registration statements, Prospectuses and Statements of Additional Information may be amended from time to time), or contained in shareholder reports or other material that may be prepared by or on behalf of the Issuer for Distributors' use. This shall not be construed to prevent Distributors from preparing and distributing sales literature or other material as it may deem appropriate.

8. Portfolio Securities - Portfolio securities of the Issuer may be bought or sold by or through Distributors, and Distributors may participate directly or indirectly in brokerage commissions or "spreads" for transactions in portfolio securities of the Issuer.

9. Registration of Shares - The Issuer agrees that it will take all action necessary to register shares under the 1933 Act (subject to the necessary approval of its shareholders) so that there will be available for sale the number of shares Distributors may reasonably be expected to sell. The

Issuer shall make available to Distributors such number of copies of its currently effective Prospectus and Statement of Additional Information as Distributors may reasonably request. The Issuer shall furnish to Distributors copies of all information, financial statements and other papers which Distributors may reasonably request for use in connection with the distribution of shares of the Issuer.

10. Expenses - The Issuer shall pay all fees and expenses (a) in connection with the preparation, setting in type and filing of any registration statement, Prospectus and Statement of Additional Information under the 1933 Act and amendments for the issue of its shares, (b) in connection with the registration and qualification of shares for sale in the various states in which the Board of Trustees of the Issuer shall determine it advisable to qualify such shares for sale (including registering the Issuer as a broker or dealer or any officer of the Issuer as agent or salesman in any state), (c) of preparing, setting in type, printing and mailing any report or other communication to shareholders of the Issuer in their capacity as such, and (d) of preparing, setting in type, printing and mailing Prospectuses, Statements of Additional Information and any supplements thereto sent to existing shareholders.

As provided in the Distribution and Service Plan adopted by the Issuer, it is recognized by the Issuer that FMR may reimburse Distributors for any direct expenses incurred in the distribution of shares of the Issuer from any source available to it, including advisory and service or management fees paid to it by the Issuer.

11. Indemnification - The Issuer agrees to indemnify and hold harmless Distributors and each of its directors and officers and each person, if any, who controls Distributors within the meaning of Section 15 of the 1933 Act against any loss, liability, claim, damages or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damages, or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the ground that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading under the 1933 Act, or any other statute or the common law. However, the Issuer does not agree to indemnify Distributors or hold it harmless to the extent that the statement or omission was made in reliance upon, and in conformity with, information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of the Issuer in favor of Distributors or any person indemnified to be deemed to protect Distributors or any person against any liability to the Issuer or its security holders to which Distributors or such person would otherwise be subject by reason of wilful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is the Issuer to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against Distributors or any person indemnified unless Distributors or person, as the case may be, shall have notified the Issuer in writing of the claim within a reasonable

time after the summons or other first written notification giving information of the nature of the claim shall have been served upon Distributors or any such person (or after Distributors or such person shall have received notice of service on any designated agent). However, failure to notify the Issuer of any claim shall not relieve the Issuer from any liability which it may have to Distributors or any person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Issuer shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any claims, but if the Issuer elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to Distributors or person or persons, defendant or defendants in the suit. In the event the Issuer elects to assume the defense of any suit and retain counsel, Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them. If the Issuer does not elect to assume the defense of any suit, it will reimburse Distributors, officers or directors or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Issuer agrees to notify Distributors promptly of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of any of the shares.

Distributors also covenants and agrees that it will indemnify and hold harmless the Issuer and each of its Board members and officers and each person, if any, who controls the Issuer within the meaning of Section 15 of the 1933 Act, against any loss, liability, damages, claim or expense (including the reasonable cost of investigating or defending any alleged loss, liability, damages, claim or expense and reasonable counsel fees incurred in connection therewith) arising by reason of any person acquiring any shares, based upon the 1933 Act or any other statute or common law, alleging any wrongful act of Distributors or any of its employees or alleging that the registration statement, Prospectus, Statement of Additional Information, shareholder reports or other information filed or made public by the Issuer (as from time to time amended) included an untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make the statements not misleading, insofar as the statement or omission was made in reliance upon, and in conformity with information furnished to the Issuer by or on behalf of Distributors. In no case (i) is the indemnity of Distributors in favor of the Issuer or any person indemnified to be deemed to protect the Issuer or any person against any liability to which the Issuer or such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement, or (ii) is Distributors to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Issuer or any person indemnified unless the Issuer or person, as the case may be, shall have notified Distributors in writing of the claim within a reasonable time after the summons or other first written notification giving information of the nature of the claim shall have been served upon the Issuer or any such person (or after the Issuer or such person shall have received notice of service on any designated agent). However, failure to notify Distributors of any claim shall not relieve Distributors from any liability which it may have to the Issuer or any person against whom the action is brought otherwise than on account of its indemnity agreement contained in this paragraph. In the case of any notice to Distributors, it shall be entitled to participate, at its own expense, in the defense or, if it so elects, to assume the defense of any suit brought to enforce the claim, but if Distributors elects to assume the defense, the defense shall be conducted by counsel chosen by it and satisfactory to the Issuer, to its officers and Board and to any controlling person or persons, defendant or defendants in the suit. In the event that Distributors elects to assume the defense of any suit and retain counsel, the Issuer or controlling persons, defendant or defendants in the suit, shall bear the fees and expense of any additional counsel retained by them. If Distributors does not elect to assume the defense of any suit, it will reimburse the Issuer, officers and Board or controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. Distributors agrees to notify the Issuer promptly of the commencement of any litigation or proceedings against it in connection with the issue and sale of any of the shares.

12. Effective Date - This agreement shall be effective upon its execution, and unless terminated as provided, shall continue in force until January 31, 1995 and thereafter from year to year, provided continuance is approved annually by the vote of a majority of the Board members of the Issuer, and by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and, if a plan under Rule 12b-1 under the Investment Company Act of 1940 is in effect, by the vote of those Board members of the Issuer who are not "interested persons" of the Issuer and who are not parties to the Distribution and Service Plan or this Agreement and have no financial interest in the operation of the Distribution and Service Plan or in any agreements related to the Distribution and Service Plan, cast in person at a meeting called for the purpose of voting on the approval. This Agreement shall automatically terminate in the event of its assignment. As used in this paragraph, the terms "assignment" and "interested persons" shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended. In addition to termination by failure to approve continuance or by assignment, this Agreement may at any time be terminated by either party upon not less than sixty days' prior written notice to the other party.

13. Notice - Any notice required or permitted to be given by either party to the other shall be deemed sufficient if sent by registered or certified mail, postage prepaid, addressed by the party giving notice to the other party at the last address furnished by the other party to the party giving notice: if to the Issuer, at 82 Devonshire Street, Boston, Massachusetts, and if to Distributors, at 82 Devonshire Street, Boston, Massachusetts.

14. Limitation of Liability - Distributors is expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust or other organizational document of the Issuer and agrees that the obligations assumed by the Issuer under this contract shall be limited in all cases to the Issuer and its assets. Distributors shall not seek

satisfaction of any such obligation from the shareholders or any shareholder of the Issuer. Nor shall Distributors seek satisfaction of any such obligation from the Trustees or any individual Trustee of the Issuer. Distributors understands that the rights and obligations of each series of shares of the Issuer under the Issuer's Declaration of Trust or other organizational document are separate and distinct from those of any and all other series.

15. This agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the Issuer has executed this instrument in its name and behalf, and its seal affixed, by one of its officers duly authorized, and Distributors has executed this instrument in its name and behalf by one of its officers duly authorized, as of the day and year first above written.

VARIABLE INSURANCE PRODUCTS FUND II

By /s/ J. Gary Burkhead

J. Gary Burkhead

Senior Vice President

FIDELITY DISTRIBUTORS CORPORATION

By /s/ Kurt A. Lange

Kurt A. Lange

President

EXHIBIT 11(a)

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference, into the Prospectus and Statement of Additional Information constituting part of Post Effective Amendment No. 17 to the Registration Statement on Form N-1A of Variable Insurance Products Fund II: Investment Grade Bond Portfolio, Asset Manager Portfolio and Index 500 Portfolio, of our report dated February 7, 1995, on the financial statements and financial highlights included in the December 31, 1994 Annual Report to Shareholders of Variable Insurance Products Fund II: Investment Grade Bond Portfolio, Asset Manager Portfolio and Index 500 Portfolio.

We further consent to the references to our Firm under the headings "Financial Highlights" in the Prospectus and "Auditor" in the Statement of Additional Information.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP

Boston, Massachusetts

July 25, 1995

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. 17 to the Registration Statement on Form N-1A (the "Registration Statement") of Variable Insurance Products Fund: Money Market Portfolio, High Income Portfolio, Equity-Income Portfolio, Growth Portfolio and Overseas Portfolio, of our report dated February 9, 1995, 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".

/s/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

Boston, Massachusetts

July 28, 1995

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 <NAME> Index 500 Portfolio
<MULTIPLIER> 1,000

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<PERIOD-END> DEC-31-1994

<INVESTMENTS-AT-COST> 50,153

<INVESTMENTS-AT-VALUE> 51,172

<RECEIVABLES> 448

<ASSETS-OTHER> 1

<OTHER-ITEMS-ASSETS> 0

<TOTAL-ASSETS> 51,621

<PAYABLE-FOR-SECURITIES> 2

<SENIOR-LONG-TERM-DEBT> 0

<OTHER-ITEMS-LIABILITIES> 318

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<SENIOR-EQUITY> 0

<PAID-IN-CAPITAL-COMMON> 49,107

<SHARES-COMMON-STOCK> 913

<SHARES-COMMON-PRIOR> 451

<ACCUMULATED-NII-CURRENT> 1,040

<OVERDISTRIBUTION-NII>	0
<ACCUMULATED-NET-GAINS>	114
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<NET-ASSETS>	51,301
<DIVIDEND-INCOME>	938
<INTEREST-INCOME>	205
<OTHER-INCOME>	0
<EXPENSES-NET>	104
<NET-INVESTMENT-INCOME>	1,039
<REALIZED-GAINS-CURRENT>	123
<APPREC-INCREASE-CURRENT>	(623)
<NET-CHANGE-FROM-OPS>	539
<EQUALIZATION>	0
<DISTRIBUTIONS-OF-INCOME>	0
<DISTRIBUTIONS-OF-GAINS>	49
<DISTRIBUTIONS-OTHER>	0
<NUMBER-OF-SHARES-SOLD>	593
<NUMBER-OF-SHARES-REDEEMED>	133
<SHARES-REINVESTED>	1
<NET-CHANGE-IN-ASSETS>	26,148
<ACCUMULATED-NII-PRIOR>	1
<ACCUMULATED-GAINS-PRIOR>	40
<OVERDISTRIB-NII-PRIOR>	0
<OVERDIST-NET-GAINS-PRIOR>	0
<GROSS-ADVISORY-FEES>	103

<INTEREST-EXPENSE>	0
<GROSS-EXPENSE>	299
<AVERAGE-NET-ASSETS>	36,925
<PER-SHARE-NAV-BEGIN>	55.740
<PER-SHARE-NII>	1.140
<PER-SHARE-GAIN-APPREC>	(.560)
<PER-SHARE-DIVIDEND>	0
<PER-SHARE-DISTRIBUTIONS>	.100
<RETURNS-OF-CAPITAL>	0
<PER-SHARE-NAV-END>	56.220
<EXPENSE-RATIO>	28
<AVG-DEBT-OUTSTANDING>	0
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 <NUMBER> 41
 <NAME> Contrafund
<MULTIPLIER> 1,000

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<PERIOD-END> DEC-31-1994

<INVESTMENTS-AT-COST> 316,288

<INVESTMENTS-AT-VALUE> 351,603

<RECEIVABLES> 7,918

<ASSETS-OTHER> 1

<OTHER-ITEMS-ASSETS> 0

<TOTAL-ASSETS> 359,522

<PAYABLE-FOR-SECURITIES> 34,287

<SENIOR-LONG-TERM-DEBT> 0

<OTHER-ITEMS-LIABILITIES> 286

<TOTAL-LIABILITIES> 34,573

<SENIOR-EQUITY> 0

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<SHARES-COMMON-STOCK> 26,008

<SHARES-COMMON-PRIOR> 0

<ACCUMULATED-NII-CURRENT> 800

<OVERDISTRIBUTION-NII> 0

<ACCUMULATED-NET-GAINS> 2,036

<OVERDISTRIBUTION-GAINS> 0

<ACCUM-APPREC-OR-DEPREC> 35,315

<NET-ASSETS> 324,949

<DIVIDEND-INCOME> 547

<INTEREST-INCOME> 900

<OTHER-INCOME> 0

<EXPENSES-NET> 647

<NET-INVESTMENT-INCOME> 800

<REALIZED-GAINS-CURRENT> 2,036

<APPREC-INCREASE-CURRENT> 35,315

<NET-CHANGE-FROM-OPS> 38,151

<EQUALIZATION> 0

<DISTRIBUTIONS-OF-INCOME> 0

<DISTRIBUTIONS-OF-GAINS> 0

<DISTRIBUTIONS-OTHER> 0

<NUMBER-OF-SHARES-SOLD> 26,086

<NUMBER-OF-SHARES-REDEEMED> 78

<SHARES-REINVESTED> 0

<NET-CHANGE-IN-ASSETS> 324,949

<ACCUMULATED-NII-PRIOR> 0

<ACCUMULATED-GAINS-PRIOR> 0

<OVERDISTRIB-NII-PRIOR> 0

<OVERDIST-NET-GAINS-PRIOR> 0

<GROSS-ADVISORY-FEES> 444

<INTEREST-EXPENSE>	0
<GROSS-EXPENSE>	647
<AVERAGE-NET-ASSETS>	146,457
<PER-SHARE-NAV-BEGIN>	10.000
<PER-SHARE-NII>	.030
<PER-SHARE-GAIN-APPREC>	2.460
<PER-SHARE-DIVIDEND>	0
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<RETURNS-OF-CAPITAL>	0
<PER-SHARE-NAV-END>	12.490
<EXPENSE-RATIO>	88
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<NAME> Asset Manager: Growth
<MULTIPLIER> 1,000

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<INVESTMENTS-AT-VALUE> 33,021

<RECEIVABLES> 3,077

<ASSETS-OTHER> 3

<OTHER-ITEMS-ASSETS> 0

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<PAYABLE-FOR-SECURITIES> 1,180

<SENIOR-LONG-TERM-DEBT> 0

<OTHER-ITEMS-LIABILITIES> 200

<TOTAL-LIABILITIES> 1,380

<SENIOR-EQUITY> 0

<PAID-IN-CAPITAL-COMMON> 31,870

<SHARES-COMMON-STOCK> 3,110

<SHARES-COMMON-PRIOR> 0

<ACCUMULATED-NII-CURRENT> 255

<OVERDISTRIBUTION-NII> 0

<ACCUMULATED-NET-GAINS> 353

<OVERDISTRIBUTION-GAINS> 0

<ACCUM-APPREC-OR-DEPREC> 2,243

<NET-ASSETS> 34,721

<DIVIDEND-INCOME> 58

<INTEREST-INCOME> 306

<OTHER-INCOME> 0

<EXPENSES-NET> 109

<NET-INVESTMENT-INCOME> 255

<REALIZED-GAINS-CURRENT> 352

<APPREC-INCREASE-CURRENT> 2,243

<NET-CHANGE-FROM-OPS> 2,850

<EQUALIZATION> 0

<DISTRIBUTIONS-OF-INCOME> 0

<DISTRIBUTIONS-OF-GAINS> 0

<DISTRIBUTIONS-OTHER> 0

<NUMBER-OF-SHARES-SOLD> 3,408

<NUMBER-OF-SHARES-REDEEMED> 298

<SHARES-REINVESTED> 0

<NET-CHANGE-IN-ASSETS> 34,721

<ACCUMULATED-NII-PRIOR> 0

<ACCUMULATED-GAINS-PRIOR> 0

<OVERDISTRIB-NII-PRIOR> 0

<OVERDIST-NET-GAINS-PRIOR> 0

<GROSS-ADVISORY-FEES> 75

<INTEREST-EXPENSE>	0
<GROSS-EXPENSE>	166
<AVERAGE-NET-ASSETS>	21,914
<PER-SHARE-NAV-BEGIN>	10.000
<PER-SHARE-NII>	.080
<PER-SHARE-GAIN-APPREC>	1.080
<PER-SHARE-DIVIDEND>	0
<PER-SHARE-DISTRIBUTIONS>	0
<RETURNS-OF-CAPITAL>	0
<PER-SHARE-NAV-END>	11.160
<EXPENSE-RATIO>	100
<AVG-DEBT-OUTSTANDING>	0
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