

SECURITIES AND EXCHANGE COMMISSION

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FIDELITY MUNICIPAL TRUST II

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FIDELITY

(Registered trademark)
OHIO
MUNICIPAL
PORTFOLIOS

ANNUAL REPORT
DECEMBER 31, 1993
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CHECK PAGE NUMBERS !!!

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THIS REPORT AND THE FINANCIAL STATEMENTS CONTAINED HEREIN ARE SUBMITTED FOR THE GENERAL INFORMATION OF THE SHAREHOLDERS OF THE FUND. THIS REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS IN THE FUND UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS. NEITHER THE FUND NOR FIDELITY DISTRIBUTORS CORPORATION IS A BANK, AND FUND SHARES ARE NOT BACKED OR GUARANTEED BY ANY BANK OR INSURED BY THE FDIC.
PRESIDENT'S MESSAGE

DEAR SHAREHOLDER:

Once the new year begins, many people start reviewing their finances and calculating their tax bills. No one wants to pay more taxes than they have to. But a recent survey of 500 U.S. households, conducted by Fidelity and Yankelovich Partners, showed that few people have taken steps to reduce their taxes under the new legislation. Many were not even aware that the new tax laws were retroactive to January 1993.

Whether or not you're someone whose tax bill will increase as a result of these changes, it may make sense to consider ways to keep more of what you earn.

First, if your employer offers a 401(k) or 403(b) retirement savings plan, consider enrolling. These plans are set up so you can make regular contributions -

before taxes - to a retirement savings plan. They offer a disciplined savings strategy, the ability to accumulate earnings tax-deferred, and immediate tax savings. For example, if you earn \$40,000 a year and contribute 7% of your salary to your 401(k) plan, your annual contribution is \$2,800. That reduces your taxable income to \$37,200 and, if you're in the 28% tax bracket, saves you \$784 in federal taxes. In addition, you pay no taxes on any earnings until withdrawal.

It may be a good idea to contact your benefits office as soon as possible to find out when you can enroll or increase your contribution. Most employers allow employees to make changes only a few times each year.

Second, consider an IRA. Many people are eligible to make an IRA contribution (up to \$2,000) that is fully tax deductible. That includes people who are not covered by company pension plans, or those within certain income brackets. Even if you don't qualify for a fully deductible contribution, any IRA earnings will grow tax-deferred until withdrawal. Third, consider adding to your tax-free investments—either municipal bonds or municipal bond funds. Often these can provide higher after-tax yields than comparable taxable investments. For example, if you're in the new 36% federal income tax bracket and invest \$10,000 in a taxable investment yielding 7%, you'll pay \$252 in federal taxes and receive \$448 in income. That same \$10,000 invested in a tax-free bond fund yielding 5.5% would allow you to keep \$550 in income.

These are three investment strategies that could help lower your tax bill in 1994. If you're interested in learning more, please call us at 1-800-544-8888 or visit a Fidelity Investor Center.

Wishing you a prosperous new year,

Edward C. Johnson 3d, Chairman

FIDELITY OHIO MUNICIPAL HIGH YIELD PORTFOLIO

PERFORMANCE: THE BOTTOM LINE

There are several ways to evaluate a fund's historical performance. You can look at the total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each figure includes changes in a fund's share price, reinvestment of any dividends (or income) and capital gains (the profits the fund earns when it sells bonds that have grown in value). You can also look at the fund's income. If Fidelity had not reimbursed certain fund expenses during the periods shown, the total returns, dividends and yields would have been lower.

CUMULATIVE TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	PAST 5 YEARS	LIFE OF FUND
---------------------------------	----------------	-----------------	-----------------

Ohio Municipal High Yield	12.56%	61.16%	111.35%
Lehman Brothers Municipal Bond Index	12.29%	62.86%	n/a
Average Ohio Tax-Exempt Municipal Bond Fund	12.25%	58.50%	n/a
Consumer Price Index	2.75%	21.00%	33.76%

CUMULATIVE TOTAL RETURNS reflect actual performance over a set period - in this case, one year, five years, or since the fund started on November 15, 1985. For example, if you invested \$1,000 in a fund that had a 5% return over the past year, you would end up with \$1,050. You can compare these figures to the performance of the Lehman Brothers Municipal Bond index - a broad gauge of the municipal bond market. To measure how the fund stacked up against its peers, you can look at the average Ohio municipal bond fund, which reflects the performance of 37 Ohio tax-exempt municipal bond funds tracked by Lipper Analytical Services. Both benchmarks include reinvested dividends and capital gains, if any. Comparing the fund's performance to the consumer price index helps show how your fund did compared to inflation. (The periods covered by the CPI numbers are the closest available match to those covered by the fund.)

AVERAGE ANNUAL TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	PAST 5 YEARS	LIFE OF FUND
Ohio Municipal High Yield	12.56%	10.02%	9.64%
Lehman Brothers Municipal Bond Index	12.29%	10.25%	n/a
Average Ohio Tax-Exempt Municipal Bond Fund	12.25%	9.64%	n/a
Consumer Price Index	2.75%	3.89%	3.66%

AVERAGE ANNUAL TOTAL 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.

\$10,000 OVER LIFE OF FUND

Ohio Tax Free (088) Lehman Muni Bond Index

11/30/85	10000.00	10000.00
12/31/85	10222.80	10087.90
01/31/86	10749.09	10682.08
02/28/86	11073.37	11105.62
03/31/86	11161.00	11109.18
04/30/86	11072.97	11117.62
05/31/86	10944.21	10936.62
06/30/86	11012.12	11040.96
07/31/86	11068.97	11107.98
08/31/86	11526.58	11605.28
09/30/86	11519.26	11634.41
10/31/86	11765.60	11835.34
11/30/86	11978.65	12069.80
12/31/86	11905.20	12036.48
01/31/87	12310.19	12398.90
02/28/87	12431.90	12459.90
03/31/87	12355.81	12327.83
04/30/87	11391.80	11709.22
05/31/87	11282.79	11651.14
06/30/87	11527.96	11993.22
07/31/87	11696.64	12115.55
08/31/87	11708.49	12142.81
09/30/87	11096.64	11695.10
10/31/87	11110.44	11736.50
11/30/87	11411.72	12042.94
12/31/87	11622.03	12217.69
01/31/88	12158.17	12652.88
02/29/88	12320.35	12786.62
03/31/88	12000.79	12637.66
04/30/88	12059.93	12733.70
05/31/88	12143.87	12696.90
06/30/88	12371.68	12882.66
07/31/88	12480.80	12966.65

08/31/88	12506.32	12978.07
09/30/88	12738.78	13212.97
10/31/88	13009.43	13446.18
11/30/88	12911.14	13323.01
12/31/88	13124.55	13459.30
01/31/89	13313.64	13737.64
02/28/89	13201.16	13580.90
03/31/89	13202.43	13548.44
04/30/89	13559.05	13870.08
05/31/89	13853.97	14158.16
06/30/89	14034.67	14350.43
07/31/89	14150.68	14545.74
08/31/89	14004.90	14403.33
09/30/89	13938.64	14360.12
10/31/89	14118.49	14535.32
11/30/89	14322.17	14789.69
12/31/89	14435.12	14910.96
01/31/90	14299.67	14840.88
02/28/90	14461.42	14972.96
03/31/90	14477.87	14977.46
04/30/90	14257.79	14869.62
05/31/90	14627.17	15193.78
06/30/90	14778.15	15327.48
07/31/90	15000.32	15552.79
08/31/90	14764.39	15327.28
09/30/90	14877.17	15336.48
10/31/90	15089.30	15614.07
11/30/90	15443.68	15927.91
12/31/90	15517.64	15997.99
01/31/91	15689.71	16212.36
02/28/91	15788.58	16353.41
03/31/91	15817.52	16359.95
04/30/91	16064.27	16577.54
05/31/91	16195.73	16725.08
06/30/91	16137.44	16708.36
07/31/91	16359.71	16912.20
08/31/91	16523.33	17135.44
09/30/91	16718.81	17358.20
10/31/91	16869.42	17514.42
11/30/91	16898.75	17563.46
12/31/91	17293.79	17941.08
01/31/92	17324.53	17982.34
02/29/92	17335.75	17987.74
03/31/92	17322.95	17994.93
04/30/92	17462.35	18155.09
05/31/92	17698.81	18369.32
06/30/92	18011.01	18677.92
07/31/92	18531.14	19238.26
08/31/92	18324.40	19049.72
09/30/92	18433.24	19173.55
10/31/92	18097.76	18985.65
11/30/92	18579.99	19325.49
12/31/92	18792.03	19522.61
01/31/93	19037.57	19749.07
02/28/93	19715.74	20463.99
03/31/93	19485.45	20247.07
04/30/93	19664.22	20451.57
05/31/93	19763.22	20566.09
06/30/93	20091.93	20909.55
07/31/93	20121.74	20936.73
08/31/93	20590.13	21372.21
09/30/93	20836.47	21615.86
10/31/93	20850.17	21656.93
11/30/93	20672.87	21466.35
12/31/93	21152.11	21919.29

\$10,000 OVER LIFE OF FUND: Let's say you invested \$10,000 in Fidelity Ohio Municipal High Yield Portfolio on November 30, 1985, shortly after the fund started. As the chart shows, by December 31, 1993, the value of your investment would have grown to \$21,152 - a 111.52% increase on your initial investment. For comparison, look at how the Lehman Brothers Municipal Bond index did over the same period. With dividends reinvested, the same \$10,000 would have grown to \$21,919 - a 119.19% increase.

UNDERSTANDING
PERFORMANCE

How a fund did yesterday is no guarantee of how it will do tomorrow. Bond prices, for example, move in the opposite direction of interest rates. In turn, the share price, return, and yield of a fund that invests in bonds 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)

INCOME

YEARS ENDED DECEMBER 31, 1993 1992 1991 1990 1989

Income return 6.19% 6.63% 7.02% 7.04% 7.23%

Capital gain returns 2.30% 0% 0% 0% 0%

Change in share price 4.07% 2.03% 4.43% .46% 2.76%

Total return 12.56% 8.66% 11.45% 7.50% 9.99%

Income returns, capital gains returns, and changes in share price are all part of a bond fund's total return. An income return reflects the dividends paid by the fund. A capital gain return reflects the amount paid by the fund to shareholders based on the profits it has from selling bonds that have grown in value. Both returns assume the dividends or gains are reinvested. Changes in the fund's share price include changes in the prices of the bonds owned by the fund.

DIVIDENDS AND YIELD

PERIODS ENDED DECEMBER 31, 1993	PAST 30 DAYS	PAST 6 MONTHS	PAST 1 YEAR
Dividends per share	n/a	34.25 (cents)	69.29 (cents)
Annualized dividend rate	n/a	5.60%	5.79%
Annualized yield	4.96%	n/a	n/a
Tax-equivalent yield	8.38%	n/a	n/a

Dividends per share show the income paid by the fund for a set period. If you annualize this number, based on an average share price of \$12.13 over the past six months and \$11.97 over the past year, you can compare the fund's income over these two periods. The 30-day annualized yield is a standard formula for all funds based on the yields of the bonds in the fund, averaged over the past 30 days. This figure shows you the yield characteristics of the fund's investments at the end of the period. It also helps you compare funds from different companies on an equal basis. The tax-equivalent yield shows what you would have to earn on a taxable investment to equal the fund's tax-free yield, if you're in the 40.80% combined federal and state tax bracket.

FIDELITY OHIO MUNICIPAL HIGH YIELD PORTFOLIO

FUND TALK: THE MANAGER'S OVERVIEW

MARKET RECAP

Generally, interest rates fell during the 12 months ended December 31, 1993. As a result, bond prices rose and most fixed-income investors - including those in tax-free bonds - enjoyed attractive returns. The period began with worries of rising interest rates. The economic recovery was finally taking hold, and the spending plans of the president-elect were still unclear. But the bond market

signaled its approval as President Clinton promised to reduce the deficit and fight inflation. The yield on the benchmark 30-year Treasury bond declined steadily and reached an historic low of 5.79% in mid-October. By year-end, mild inflation fears, fueled by a strengthening economy, had pushed up the yield on the 30-year bond to 6.35%. Two factors affected tax-free bonds specifically: on the positive side, higher federal taxes - discussed all year and approved in August - boosted demand. At the same time, record new issuance kept supplies high, which somewhat dampened prices. Overall during the period, tax-free bonds performed well compared to other fixed-income investments. The Lehman Brothers Municipal Bond Index - - a broad measure of the tax-free bond market - rose 12.29%. By comparison, the Lehman Brothers Aggregate Bond Index - which tracks investment-grade taxable bonds - - rose only 9.75%, due in part to relatively poor performance by mortgage backed securities.

An interview with Peter Allegrini, Portfolio Manager of Fidelity Ohio Tax-Free High Yield Portfolio
Q. PETER, HOW DID THE FUND DO?

A. For the 12 months ended December 31, 1993, it had a total return of 12.56%. That was ahead of the average Ohio tax-free bond fund, which returned 12.25% over the same period, according to Lipper Analytical Services.

Q. WHAT EXPLAINS THE DIFFERENCE?

A. The fund had a longer duration than other Ohio funds - meaning it was more sensitive to interest rate declines. So as interest rates fell over the past year, it beat funds with shorter durations. In the past, the fund's duration was shorter than it is now because it still had a significant investment in premium bonds. These trade to their shorter call dates, rather than to their stated maturities. They also carry an interest rate above the current rate for similar bonds; this helped generate the fund's income. But as interest rates have come down this year, I've steadily worked to lengthen the fund's duration to eight years on December 31. Over the next six months to a year, I'll probably keep it between eight and 8 1/2 years because I think long-term rates could continue to stay low.

Q. HOW DID YOU LENGTHEN THE FUND'S DURATION?

A. Mainly by buying non-callable and zero coupon bonds. At the end of the period the fund had about a 24% stake in non-callable bonds, which can't be prematurely returned to their issuers. That also means they have a longer duration because non-callables always trade to their maturity date, rather than a shorter call date. When interest rates are falling and bond prices are rising, non-callable bonds tend to do well. Zero coupon bonds - which made up about 9.5% of the fund's investments at year end - behave in a similar way.

Q. WHAT'S THE ATTRACTION TO BONDS WITH 15 TO 20 YEAR MATURITIES?

A. During the past year, the slope of the yield curve - or the difference in yield between bonds with different maturities - was fairly flat. That meant you weren't rewarded much for taking on the extra risk of buying a bond with a 30-year maturity. For example, you could pick up about 95% of the yield of a 30-year bond with a 15-year bond. I just didn't think that a 5% difference in yield justified the added price risk of a 30-year bond. At the end of December, about 35.7% of the fund was concentrated in intermediate bonds with maturities of 15 to 20 years.

Q. THE FUND'S SECOND LARGEST SECTOR - AT 20.9% OF INVESTMENTS - IS HEALTH CARE. ARE YOU CONCERNED THAT THESE BONDS MIGHT BE AFFECTED BY HEALTH-CARE REFORM?

A. Not really. Unlike other states, pressure to cut costs and be more competitive isn't really a factor for Ohio hospitals. Ohio has a well-run hospital system, and doesn't suffer from an excess supply of hospital beds like other states do. I look for hospitals that are well managed and have strong relationships with HMOs. Those hospitals are already accustomed to providing services in a managed care environment and should fare the best once health-care reform is enacted. Even so, I'll continue to monitor the health care sector closely going forward.

Q. AFTER ENJOYING SUCH A STRONG YEAR IN 1993, CAN MUNICIPAL BONDS CONTINUE TO POST SUCH IMPRESSIVE RETURNS?

A. Throughout the past year, municipal bond prices were artificially low, in part because there was a record supply of bonds issued. But now, many of the refinancings permitted by law have already taken place; and once those refinancings taper off, I expect supply to be lower. On the demand side, investors are just now beginning to calculate their 1993 tax bills. And I think that once they see how much their taxes have risen, many will find tax-free municipal bonds a more attractive investment.

Q. SO, ARE YOU OPTIMISTIC ABOUT MUNICIPAL BONDS FOR 1994?

A. I am because I expect interest rates to continue to stay low, despite some recent jitters in the bond market. Most commodity prices and wages - two early warning signals for higher inflation - have stabilized with no real signs of heading up. As long as inflation stays under control, and economic growth stays at a 2% to 3% level, interest rates and bond yields could continue at current levels. Even so, it's probably realistic for investors not to expect the strong returns than we've seen during the past 12 months.

FUND FACTS

GOAL: to provide high current income exempt from federal and Ohio state income tax

START DATE: November 15, 1985

SIZE: as of December 31, 1993, over \$457 million

MANAGER: Peter Allegrini since November 1985;

manager, Fidelity Advisor High Income Municipal Fund, and Fidelity Michigan

Tax-Free Fund, since November 1985; Spartan Connecticut Municipal High Yield Portfolio, since October 1987; Fidelity Minnesota

Tax-Free Fund, November 1985 - September 1993;

Spartan Pennsylvania Municipal High Yield Portfolio, August 1986 - September 1993

(checkmark)

PETER ALLEGRINI'S OUTLOOK ON THE OHIO ECONOMY:

"Since the recession, Ohio has started to shed its "rust belt" image and has built a more diversified economy based not only on manufacturing, but on retailing, banking, insurance and other service sectors. Even the state's manufacturing base emerged from the recession with higher productivity. Retail sales have been much stronger than the national average, while housing starts are in line with the nation as a whole.

Employment growth has slowed somewhat over the past 12 months, but has kept pace with the U.S. average."

(bullet) Although the fund invests primarily in long-term, investment grade (Baa or above) bonds, up to one-third of its assets may be in lower quality bonds. At the end of December, about 25% of the fund's assets were in below investment grade bonds. These bonds provide a higher income than higher-rated bonds.

(bullet) General Obligation bonds (Gos) - backed by the taxing power of the issuer - are the fund's largest industry concentration. They're attractive in part because an abundant supply of Ohio GOs were available and offered at attractive prices.

FIDELITY OHIO MUNICIPAL HIGH YIELD PORTFOLIO

INVESTMENT CHANGES

TOP FIVE SECTORS AS OF DECEMBER 31, 1993

	% OF FUND'S INVESTMENT S	% OF FUND'S INVESTMENT S IN THESE SECTORS 6 MONTHS AGO
General Obligation	24	26
Health Care	21	21
Water & Sewer	13	16
Industrial Development	10	13
Lease Revenue	9	5

AVERAGE YEARS TO MATURITY AS OF DECEMBER 31, 1993
6 MONTHS AGO

Years 18.1 19.2

AVERAGE YEARS TO MATURITY SHOWS THE AVERAGE TIME UNTIL THE PRINCIPAL OF THE BONDS IN THE FUND IS EXPECTED TO BE REPAID, WEIGHTED BY DOLLAR AMOUNT.

DURATION AS OF DECEMBER 31, 1993
6 MONTHS AGO

Years 8.0 7.5

DURATION SHOWS HOW MUCH A BOND'S PRICE FLUCTUATES WITH CHANGES IN INTEREST RATES. IF RATES RISE 1%, FOR EXAMPLE, THE SHARE PRICE OF A FUND WITH A FIVE-YEAR DURATION WILL FALL 5%.

QUALITY DIVERSIFICATION AS OF DECEMBER 31, 1993

(MOODY'S RATINGS)

Row: 1, Col: 1, Value: 31.0

Row: 1, Col: 2, Value: 27.0

Row: 1, Col: 3, Value: 25.0

Row: 1, Col: 4, Value: 17.0

Aaa 31%

Aa, A 27%

Baa, Ba 25%

Non-rated 17%

THIS CHART EXCLUDES SHORT-TERM INVESTMENTS. WHERE MOODY'S RATINGS ARE NOT AVAILABLE, WE HAVE USED S&P RATINGS.

FIDELITY OHIO TAX-FREE HIGH YIELD PORTFOLIO

INVESTMENTS/DECEMBER 31, 1993

(Showing Percentage of Total Value of Investments)

MUNICIPAL BONDS - 97.2%

MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)

OHIO - 87.8%

Akron Bath Copley Township Hosp. Dist. Rev. Rfdg.
(Children's Hosp. Med. Ctr.) 5% 11/15/15,
(AMBAC Insured) Aaa \$ 4,855,000 \$ 4,679,006 009730HN
Akron Metropolitan Hsg. Corp. 1st Lien Rev. Section 8:
(Ellet): 999948RN

7.50%	1/1/14	-	160,000	170,400	999948RN
7.50%	1/1/15	-	170,000	181,475	999948RP
7.50%	1/1/16	-	180,000	192,375	999948RQ
7.50%	1/1/17	-	195,000	208,650	999948RR
7.50%	1/1/18	-	200,000	214,250	999948RS
(Hillwood Village) 010062BL					
7.40%	1/1/11	-	130,000	136,500	999948RT
7.40%	1/1/12	-	145,000	152,431	999948RW
7.40%	1/1/13	-	150,000	158,063	999948RX
7.50%	1/1/13	-	55,000	58,506	010062BL

Akron Parking Facs. Ltd. Tax: 0100326N

8.75%	11/1/03	A	160,000	210,200	0100326N
8.75%	11/1/04	A	160,000	212,400	0100326Q
8.75%	11/1/05	A	160,000	214,400	0100326S

Akron Str. Impt. Ltd. Tax Series 1985-1: 0100326P

8.75%	11/1/03	A	200,000	262,750	0100326P
8.75%	11/1/04	A	200,000	265,500	0100326R
8.75%	11/1/05	A	200,000	268,000	0100326T

Alliance Wtrwks. Rev. (Cap. Appreciation) 0%

10/15/06, (FGIC Insured) Aaa 765,000 402,581 018753DG

Barberton Hosp. Facs. Rev. (Barberton Citizens
Hosp. Co. Proj.) 7.25% 1/1/12 A 3,000,000 3,337,500 067207AN

Bedford Hosp. Impt. Rev. Rfdg. (Bedford
Commty. Hosp.) Series 1990, 8.50%

5/15/09 - 895,000 995,687 076372AS

Bedford Wtr. & Swr. Sys. Mtg. Rev.

(AMBAC Insured): 076381BW

7.125%	7/1/13	Aaa	280,000	323,750	076381BW
7.125%	7/1/14	Aaa	300,000	346,875	076381BX

Berea Gen. Oblig. Ltd. Tax Rfdg.: 083581MN

0% 12/1/04 Aa 535,000 310,969 083581MN

5.125% 12/1/13 Aa 1,215,000 1,213,481 083581MV

Berea Wtrwks. Rfdg. 0% 12/1/06 Aa 510,000 260,100 083581MT

Berlin & Milan Local School Dist. 7.45%

12/1/11 A 675,000 798,187 085059BH

MUNICIPAL BONDS - CONTINUED

MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)

OHIO - CONTINUED

Bexley City School Dist.: 088599CJ

0% 12/1/06 Aa \$ 440,000 \$ 230,450 088599CJ

0% 12/1/07 Aa 540,000 265,275 088599CK

0% 12/1/08 Aa 540,000 250,425 088599CL

Blue Ash Ind. Dev. Rev. Rfdg. (1st. Mtg.)

(Kmart Corp.) Series A, 6.75% 11/1/06 A 515,000 581,306 095245CV

Brunswick Gen. Oblig. Unltd. Tax 7.35%

12/1/10 A 1,000,000 1,143,750 117331KJ

Buckeye Local School Dist. (AMBAC Insured): 118205CN

Rfdg. (Jefferson County) 0% 12/1/07 Aaa 760,000 367,650 118205CQ

(Jefferson County) (Cap. Appreciation)

0% 12/1/06 Aaa 375,000 192,656 118205CN

Butler County Hosp. Facs. Rev. 7.50% 1/1/10 Baa1 1,500,000 1,659,375

123550DP

Cambridge Hosp. Impt. Rev. Rfdg. (Guernsey

Mem. Hosp.) 8% 12/1/11 BBB 1,500,000 1,696,875 132472BJ

Canal Winchester Local School Dist. Unltd. Tax

7.10% 12/1/13, (MBIA Insured) (Pre-Refunded
to 12/01/01 @102) (e) Aaa 1,400,000 1,674,750 137087DN

Canton Gen. Oblig. Ltd. Tax 7.875% 12/1/08

(Pre-Refunded to 12/1/98 @ 103) (e) Baa 1,250,000 1,503,125 138429EJ

Celina Rfdg. Str. Sidewalk & Swr. Impt. Ltd. Tax

7.75% 12/1/08 A1 200,000 226,500 151051AL

Centerville Ind. Dev. Rev. (Kroger Co. Proj.)

8.60% 1/1/94 - 1,480,000 1,480,000 152236CP

Centerville Recreational Facs. 5.85% 12/1/20 A1 1,500,000 1,558,125

152236CP

Chillicothe Wtr. Sys. Rev. Mtg. 7.20% 12/1/14,
 (MBIA Insured) Aaa 1,000,000 1,185,000 169214BA
 Cincinnati Univ. Gen. Receipts Series II,
 7.10% 6/1/10 Aaa 1,000,000 1,162,500 914118JL
 Clark County Hosp. Impt. Rev. Rfdg. (Commtly.
 Hosp.) Series A, 9.375% 4/1/08 A 800,000 889,000 181075CA
 Clermont County Swr. Sys. Rev. 7.10% 12/1/21,
 (AMBAC Insured) Aaa 1,500,000 1,794,375 185716HK
 Cleveland Arpt. Sys. Rev. Series A, 7.25%
 1/1/20, (MBIA Insured) Aaa 800,000 914,000 186352BR
 Cleveland Gen. Oblig. Rev. Rfdg. 5.30% 9/1/07,
 (AMBAC Insured) Aaa 2,000,000 2,092,500 186343JZ
 Cleveland Pub. Pwr. Sys. Impt. Rev. (1st Mtg.)
 Series 1987, 8.375% 8/1/17, (Pre-Refunded
 to 8/1/97 @ 102) (e) Aaa 2,500,000 2,931,250 186398AP
 Cleveland Wtrwks. Rev. 1st Mtg. Rfdg.: 186432NY
 Series D, 5% 1/1/15, (AMBAC Insured) Aaa 1,000,000 972,500 186432NY
 MUNICIPAL BONDS - CONTINUED
 MOODY'S RATINGS PRINCIPAL VALUE
 (UNAUDITED) (C) AMOUNT (NOTE 1)
 OHIO - CONTINUED
 Cleveland Wtrwks. Rev. 1st Mtg. Rfdg.: 186432NY - continued
 Series E, 7.875% 1/1/16 (Pre-Refunded
 to 1/1/97 @ 102) (e) Aaa \$ 1,000,000 \$ 1,136,250 186432PW
 Series G (MBIA Insured): 186432SE
 5.50% 1/1/08 Aaa 3,700,000 3,866,500 186432SE
 5.50% 1/1/13 Aaa 4,500,000 4,708,125 186432SF
 5.50% 1/1/21 Aaa 24,725,000 25,714,000 186432SG
 Columbus Gen. Oblig.: 199489NS
 Ltd. Tax 9.50% 4/15/04 Aa1 500,000 692,500 199489NS
 Unltd. Tax Series 1, 5.25% 9/15/18 Aa1 2,000,000 2,002,500 1994893H
 Columbus Swr. Sys. Impt. Ltd. Tax
 9.375% 4/15/07 Aa1 590,000 836,325 199489NZ
 Cuyahoga County Cap. Appreciation Unltd.
 Tax Rfdg. Series A, (MBIA Insured):
 0% 10/1/08 Aaa 4,000,000 1,840,000 2322373L
 0% 10/1/09 Aaa 4,200,000 1,821,750 2322373M
 0% 10/1/10 Aaa 5,000,000 2,037,500 2322373N
 0% 10/1/11 Aaa 2,400,000 927,000 2322373P
 0% 1/1/12 Aaa 1,505,000 551,206 2322373Q
 0% 1/1/13 Aaa 4,000,000 1,385,000 2322373R
 Cuyahoga County Gen. Oblig. Jail Facs.
 Unltd. Tax 7% 10/1/13 - 1,250,000 1,482,812 232237U8
 Cuyahoga County Health Care Facs. Rev.
 (Judson Retirement Commtly.) 8.875%
 11/15/19 - 2,500,000 2,800,000 232264AL
 Cuyahoga County Hosp. Rev.:
 (Cleveland Clinic Foundation):
 Rfdg. Series A, 8% 12/1/08 Aa 1,000,000 1,130,000 232265PE
 Series A, 8% 12/1/15 Aa 2,250,000 2,553,750 232265PF
 (Deaconess Hosp.) 9.25% 10/1/09,
 (FGIC Insured) Aaa 250,000 278,750 232265JE
 (Fairview Gen. Hosp.) 7.375% 8/1/19 A1 1,250,000 1,387,500 232265TV
 Cuyahoga County Ltd. Tax: 2322372C
 Series B, 5.25% 10/1/12 Aa 7,000,000 7,096,250 2322372C
 5.60% 5/15/13 Aa 2,685,000 2,822,606 2322374G
 5.65% 5/15/18 Aa 2,295,000 2,444,175 2322374H
 Defiance County Econ. Dev. Rev.
 (Kroger Co. Proj.) 8% 10/15/15 - 2,325,000 2,635,969 244652AA
 Defiance Gen. Oblig. 6.95% 12/1/11 A 340,000 380,375 244703KB
 Defiance Spl. Assessments 7% 12/1/11 A 365,000 414,731 244703KN
 MUNICIPAL BONDS - CONTINUED
 MOODY'S RATINGS PRINCIPAL VALUE
 (UNAUDITED) (C) AMOUNT (NOTE 1)
 OHIO - CONTINUED
 Dublin City School Dist.: 26371GAW
 Rfdg. (Cap. Appreciation) 0% 12/1/07,
 (FGIC Insured) Aaa \$ 500,000 \$ 240,625 26371GAW
 Unltd. Tax Rfdg. (Cap. Appreciation)
 0% 12/1/04, (AMBAC Insured) Aaa 1,930,000 1,121,812 26371GCB
 East Liverpool Hosp. Rev. (East Liverpool City
 Hosp.) Series A, 8.125% 10/1/11 Baa 2,430,000 2,782,350 273505BH
 Erie County Gen. Oblig. Rfdg. 5% 9/1/16,
 (MBIA Insured) Aaa 1,000,000 970,000 295119XL
 Euclid County School Dist. Series 1991

7.10% 12/1/11 A 1,500,000 1,725,000 298047CA
Fairfield City School Dist. Unltd. Tax 7.75%
12/1/09, (AMBAC Insured) Aaa 750,000 873,750 304657GR
Fairfield Econ. Dev. Rev. Rfdg. (Beverly Enterprises
Proj.) 8.50% 1/1/03 - 1,060,000 1,158,050 304661AX
Forest Park Ind. Dev. 1st Mtg. Rev. Rfdg.
(Kmart Corp.) Series A, 6.25% 4/1/08 A 700,000 761,250 346193AD
Franklin City School Dist. Unltd. Tax
(Warren County Impt.) 7% 12/1/14 A 1,250,000 1,395,312 354172FF
Franklin County Hosp. Rev. Rfdg. & Impt.
(Riverside United Methodist Hosp.) 7.25%
5/15/20, (MBIA Insured) Aaa 1,750,000 2,008,125 353186TM
Franklin County Rev. (OCLC Online Computer
Library Ctr.) : 353202AL
7.20% 7/15/06 - 1,000,000 1,118,750 353202AX
6% 4/15/09 - 1,500,000 1,531,875 353202BM
9.75% 7/15/09 - 5,000,000 5,400,000 353202AL
6% 4/15/13 - 3,500,000 3,561,250 353202BN
Gahanna Gen. Oblig. Series A, 7% 6/1/12 A1 1,000,000 1,137,500 362676EJ
Gahanna-Jefferson City School Dist.
Series C, 7.30% 12/1/14 A1 1,000,000 1,196,250 362668CF
Gateway Econ. Dev. Corp. (Greater
Cleveland Stadiums) Series 1990,
6.50% 9/15/14 - 10,000,000 9,900,000 367599AM
Granville Village School Dist. Rfdg.
(Cap. Appreciation) (AMBAC Insured):
0% 12/1/06 Aaa 625,000 325,000 388568CV
0% 12/1/07 Aaa 665,000 324,187 388568CW
0% 12/1/08 Aaa 650,000 296,562 388568CX
0% 12/1/09 Aaa 645,000 274,931 388568CY
Green County 1st Mtg. Rev. (Fairview Extended
Care) Series A, 10.125% 1/1/11 - 6,070,000 6,730,112 394645AL
MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)
OHIO - CONTINUED
Green County Swr. Sys. Rev. (Cap. Appreciation)
0% 12/1/09, (AMBAC Insured) Aaa \$ 775,000 \$ 332,281 39465GAR
Hamilton County Health Sys. Rev.: 40727JBN
Rfdg. (Providence Hosp.-Franciscan Sisters
Poor Health Sys.) 6.875% 7/1/15 Baa 5,000,000 5,337,500 40727JBN
(Children's Hosp. Med. Ctr.) Series D,
5% 5/15/13, (FGIC Insured) Aaa 1,500,000 1,466,250 407272B7
(St. Francis-St. George Franciscan)
9.375% 7/1/15 Baa 1,500,000 1,620,000 40727JBD
Hamilton County Swr. Sys. Rev. (FGIC Insured): 407288FY
Rfdg. & Impt. Metro. Swr. Dist. Series A,
5.45% 12/1/09 Aaa 1,000,000 1,045,000 407288FY
Series A, 5.40% 12/1/08 Aaa 3,715,000 3,845,025 407288FV
Hamilton Gas Sys. Rev. Series A (MBIA Insured): 407796AR
5% 10/15/18 Aaa 1,600,000 1,572,000 407796AR
4.75% 10/15/23 Aaa 1,000,000 927,500 407796AS
Hilliard Ind. Dev. Rev. Rfdg. (Kroger Co.) 8.10%
7/1/12 Ba3 3,600,000 4,108,500 431618AF
Hudson Local School Dist. Series A, 7.10%
12/15/13 A1 2,000,000 2,370,000 444096FB
Huron County Gen. Oblig. 7% 12/1/09 A 1,000,000 1,110,000 447537CL
Kettering Gen. Oblig. Unltd. Tax 7.25%
12/1/08 Aa 3,000,000 3,588,750 492674HU
Lake County Ind. Dev. Rev. Rfdg. 1st Mtg.
(Kmart Corp.) Series A, 6.40% 8/1/06 A 1,000,000 1,100,000 509441BC
Lakota Local School Dist.: 512804KN
Rfdg. (Cap. Appreciation)
0% 12/1/00 A1 625,000 460,156 512804KN
0% 12/1/01 A1 590,000 412,262 512804KP
0% 12/1/02 A1 555,000 367,687 512804KQ
0% 12/1/03 A1 260,000 162,825 512804KR
Unltd. Tax 512804GR
Rfdg. (Cap. Appreciation) 0% 12/1/99 A1 445,000 346,544 512804KM
7.90% 12/1/11
(Pre-Refunded to 12/1/98 @ 100) (e) A1 1,000,000 1,176,250 512804GR
Logan Hocking Local School Dist. Rfdg. Series B,
0% 12/1/08, (AMBAC Insured) Aaa 1,065,000 481,913 541008BH
0% 12/1/12, (AMBAC Insured) Aaa 840,000 299,250 541008BM
Lorain County Rev. (1st Mtg. Kendal at Oberlin

Proj.) Series A, 8.625% 2/1/22 - 4,250,000 4,467,812 543613AH
 Lorain Gen. Oblig. Ltd. Tax 7.875% 12/1/09 Baa 1,000,000 1,130,000
 543689WK
 Lorain Swr. Sys. Mtg. Rev. Rfdg. 8.75% 4/1/11 BBB- 2,815,000 3,226,694
 543761AN
 MUNICIPAL BONDS - CONTINUED
 MOODY'S RATINGS PRINCIPAL VALUE
 (UNAUDITED) (C) AMOUNT (NOTE 1)
 OHIO - CONTINUED
 Lowellville San. Swr. Sys. Rev. (Browning-Ferris
 Industries, Inc.) 7.25% 6/1/06 (b) A+ \$ 1,600,000 \$ 1,710,000 547753AA
 Lucas County Convention Ctr. Site Acquisition
 Bonds Ltd. Tax:
 6.50% 12/1/09 Baa1 340,000 394,400 549305G8
 6.50% 12/1/10 Baa1 340,000 396,525 549305G9
 6.50% 12/1/11 Baa1 340,000 396,100 549305H2
 6.50% 12/1/12 Baa1 340,000 398,225 549305H3
 Lucas County Hosp. Rev. Rfdg.:
 (Riverside Hosp. Proj.) 7.625% 6/1/15 Baa1 7,485,000 7,934,100 549310JA
 (Toledo Hosp.) 5% 11/15/13, (MBIA Insured) Aaa 1,750,000 1,699,687
 549310NY
 (St. Vincent Med. Ctr.) Series 1993, 5.25%
 8/15/14, (MBIA Insured) (d) Aaa 5,000,000 5,112,500 549310QB
 Lucas County Ind. Dev. Rev. Rfdg. (Kroger Co.)
 8.50% 7/1/11 Ba3 3,600,000 4,153,500 549315GB
 Mahoning County Hosp. Facs. Rev. (YHA, Inc. Proj.)
 Series A, 7% 10/15/14, (MBIA Insured) Aaa 1,000,000 1,153,750 560060DK
 Mahoning County San. Swr. Sys. Rev. 7.50%
 2/1/19, (BIG Insured) Aaa 1,000,000 1,161,250 560069AR
 Mahoning Valley San. Dist.:
 7.85% 12/15/12 - 1,200,000 1,335,000 560126AV
 7.85% 12/15/13 - 1,275,000 1,418,437 560126AW
 Marion County Health Care Facs. Rev. Rfdg. & Impt.
 (United Church Homes, Inc. Proj.)
 6.30% 11/15/15 BBB- 1,800,000 1,779,750 569120AR
 Marysville Exempt Village School Rfdg.
 (Cap. Appreciation):
 0% 12/1/05, (AMBAC Insured) Aaa 795,000 434,269 574480DP
 0% 12/1/06, (AMBAC Insured) Aaa 750,000 385,312 574480DQ
 0% 12/1/07, (AMBAC Insured) Aaa 690,000 332,062 574480DR
 Marysville Swr. Sys. Ltd. Tax 7.15% 12/1/11 A 500,000 578,750 574463CF
 Marysville Wtr. Sys. Mtg. Rev. 7.05% 12/1/21,
 (MBIA Insured) Aaa 1,000,000 1,148,750 574486AQ
 Mentor Exempt Village School Dist. Rfdg.
 (Cap. Appreciation) (MBIA Insured):
 0% 12/1/00 Aaa 755,000 550,206 587227LK
 0% 12/1/01 Aaa 795,000 546,563 587227LL
 0% 12/1/02 Aaa 845,000 549,250 587227LM
 0% 12/1/03 Aaa 840,000 515,550 587227LN
 Mentor Gen. Oblig. Ltd. Tax Series 1991,
 7.15% 12/1/11 A 500,000 569,375 587210XE
 Miami County Hosp. Facs. Rev. (Upper Valley Med.
 Ctr.) Project B, 8.25% 5/1/04, (BIG Insured) Aaa 500,000 571,250
 593328CQ
 MUNICIPAL BONDS - CONTINUED
 MOODY'S RATINGS PRINCIPAL VALUE
 (UNAUDITED) (C) AMOUNT (NOTE 1)
 OHIO - CONTINUED
 Miami Univ. Gen. Receipts (Cap. Appreciation)
 0% 12/1/07 (FGIC Insured) Aaa \$ 500,000 \$ 245,000 593791AP
 Miamisburg Gen. Oblig. 7.25% 12/1/17
 (AMBAC Insured) Aaa 500,000 598,125 593864FT
 Middleburg Heights Gen. Oblig. 7.20%
 12/1/11 Aa 500,000 588,125 596119EP
 Middleburg Heights Hosp. Impt. Rev.
 (Southwest Gen. Hosp.) 7.20% 8/15/19 A 2,000,000 2,217,500 596126AL
 Montgomery County Swr. Impt. Ltd. Tax
 Issue 1, 7.10% 9/1/10 Aa 1,000,000 1,177,500 613477R3
 Mount Vernon Hosp. Rev. (Knox Commty. Hosp.)
 7.875% 6/1/12 - 7,000,000 7,498,750 623646AM
 Muskingum County Rev. (Franciscan Health
 Advisory Svcs.) 7.50% 3/1/12 BBB 2,000,000 2,110,000 628082AL
 Newark Wtr. (Cap. Appreciation) 0% 12/1/07,
 (AMBAC Insured) Aaa 455,000 218,969 650451HL
 North Olmsted Gen. Oblig. Unltd. Tax 7.50%

12/1/10 A1 670,000 787,250 661292ML
Ohio Air Quality Dev. Auth. Rev. Rfdg.
(Ohio Pwr. Co. Proj.) Series B, 7.40%
8/1/09 Baa1 3,250,000 3,644,063 677525JK
Ohio Bldg. Auth.:
(Administration Bldg. Fund Proj.) Series A:
5.60% 10/1/06 A1 2,410,000 2,539,538 6775535R
5.60% 10/1/07 A1 3,330,000 3,492,338 6775535S
(Correctional Facs.) Series A, 7.35% 8/1/04 A1 2,000,000 2,302,500
677553XH
(Ohio Ctr. Arts) Series A:
5.25% 10/1/05 A1 1,900,000 1,959,375 67755ABB
5.35% 10/1/06 A1 3,060,000 3,163,275 67755ABD
5.45% 10/1/07 A1 2,000,000 2,070,000 67755ABF
(State Correctional Facs.) Series A, 8%
2/1/07 Aaa 1,000,000 1,173,750 677553UP
(State Facs. Columbus State Bldg. Proj.)
Series A, 7.75% 10/1/08 A1 500,000 578,750 677553TA
(Workers Comp.) 4.75% 4/1/14 A 15,755,000 14,849,088 6775536N
Ohio Coal Rev. Series C, 6.90% 2/1/94 Aa 1,200,000 1,203,000 6775174T
Ohio Econ. Dev. Rev. Rfdg. (Kroger Co. Proj.)
Series 1992, 7.50% 9/1/10 Ba3 2,000,000 2,207,500 677555RF
Ohio Expositions Commission Ctfs. of Prtn.
(Agricenter Facs.):
8% 10/1/95 - 395,000 408,331 677559AG
8.25% 10/1/06 - 1,150,000 1,288,000 677559AX
MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)
OHIO - CONTINUED
Ohio Cap. Corp. Multi-Family Hsg. Rev. Rfdg.:
Series A, 7.50% 1/1/24, (FNMA Coll.) AAA \$ 1,000,000 \$ 1,080,000
677220CG
Series C, 7.375% 7/1/23, (FNMA Coll.) AAA 2,000,000 2,135,000 677220CB
Ohio Gen. Oblig. (Cap. Appreciation
Infrastructure) Series 1989, 0% 9/1/07 Aa 7,225,000 3,666,688 677517T6
Ohio Gen. Oblig. (College Savings Bonds):
0% 8/1/09 Aa 2,290,000 1,016,188 677517Y2
0% 8/1/10 Aa 2,000,000 842,500 677517Y3
Ohio Higher Edl. Facs. Commission Rev.:
(Case Western Reserve Proj.):
Series A, 7.70% 10/1/18 Aa 2,000,000 2,257,500 677560WY
Series B, 6.50% 10/1/20 Aa 1,750,000 2,080,313 67756BAF
(Kenyon College Proj.):
5.30% 12/1/08 A 1,115,000 1,124,756 6775603Z
5.375% 12/1/16 A 1,500,000 1,496,250 6775604A
(Oberlin College Proj.) 9.25% 10/1/15
(Pre-Refunded to 10/1/95 @ 102) AA+ 1,000,000 1,121,250 677560QM
(Univ. Dayton Proj.) 7.25% 12/1/12,
(FGIC Insured) Aaa 1,000,000 1,160,000 677560ZD
Ohio Hsg. Auth. Agcy. Single Family Mtg. Rev.
Series F, 7.60% 9/1/16, (GNMA Coll.) AAA 2,410,000 2,542,550 677377TZ
Ohio Ind. Dev. Rev. Rfdg. (Kroger Co.)
8.65% 6/1/11 Ba3 2,300,000 2,670,875 6775653N
Ohio Liquor Profits Rev. Rfdg. 0% 9/1/00,
(BIG Insured) Aaa 3,720,000 2,762,100 677576BG
Ohio Poll. Cont. Rev. (Standard Oil Co.)
6.75% 12/1/15 A1 3,100,000 3,816,875 677596AH
Ohio Univ. Ctfs. of Prtn. (Stores & Receiving
Bldg. Proj.) 8.125% 6/1/05 - 1,045,000 1,136,438 677630DB
Ohio Wtr. Dev. Auth. Poll. Cont. Facs.
(Buckeye Pwr. Inc. Proj.) 10.875%
11/1/14 A1 250,000 272,500 677660AX
Ohio Wtr. Dev. Auth. Poll. Cont. Rfdg.
(Toledo Edison Co.) Series A, 7.55%
6/1/23 Baa3 7,800,000 8,580,000 677660DP
Ohio Wtr. Dev. Auth. Rev.:
(Pure Wtr.) Series I, 6% 12/1/16,
(AMBAC Insured) Aaa 1,000,000 1,105,000 677658Q4
3.55% 6/1/94, (MBIA Insured) Aaa 1,355,000 1,361,775 677658R8
Ohio Wtr. Dev. Auth. Rev. Rfdg. (Safe Wtr.)
Series A, 5% 12/1/12, (BIG Insured) Aaa 1,880,000 1,868,250 677658ZN
MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)

OHIO - CONTINUED

Olentangy Local School Dist. Unltd. Tax (BIG Insured):
 7.75% 12/1/07 Aaa \$ 500,000 \$ 635,000 680616AZ
 7.75% 12/1/09 Aaa 100,000 128,250 680616BB
 7.75% 12/1/11 Aaa 190,000 246,525 680616AT
 Olmsted Falls Local School Dist. Unltd. Tax
 7.05% 12/15/11, (FGIC Insured) Aaa 1,000,000 1,161,250 681147DF
 Ottawa County Gen. Oblig. Ltd. Tax 7.50%
 10/1/14 A1 500,000 578,750 689325EG
 Ottawa County San. Swr. Sys. Rev. Rfdg.:
 (Cap. Appreciation) (Danbury Proj.)
 0% 10/1/06 (AMBAC Insured) Aaa 1,445,000 760,431 689332BC
 (Danbury Proj.) 7.375% 10/1/14,
 (AMBAC Insured) Aaa 2,200,000 2,612,500 689332AN
 Ottawa County Spl. Assessment (Portage
 Catawba Isle) 7% 9/1/11, (AMBAC
 Insured) Aaa 250,000 285,625 689325FX
 Pickerington Local School Dist.:
 Rfdg. (Cap. Appreciation) 0% 12/1/12,
 (AMBAC Insured) Aaa 2,180,000 776,625 719780FC
 Series B, 7.25% 12/1/13, (AMBAC Insured) Aaa 500,000 598,125 719780DU
 7% 12/1/13, (AMBAC Insured) Aaa 2,000,000 2,355,000 719780DH
 Sandusky County Hosp. Facs. Rev. Rfdg.
 (Mem. Hosp. Proj.) 7.75% 12/1/09 BB 5,250,000 5,387,813 800142CE
 Solon School Dist. Rfdg. (Cap. Appreciation):
 0% 12/1/04, (AMBAC Insured) Aaa 1,020,000 605,625 834341HX
 0% 12/1/05, (AMBAC Insured) Aaa 1,440,000 806,400 834341HY
 0% 12/1/06, (AMBAC Insured) Aaa 1,370,000 720,963 834341HZ
 0% 12/1/07, (AMBAC Insured) Aaa 1,200,000 592,500 834341JA
 0% 12/1/08, (AMBAC Insured) Aaa 1,100,000 508,750 834341JB
 Springboro Spl. Assessment 6.10% 6/1/23 - 1,350,000 1,393,875 850221FX
 Springfield Local School Dist. Gen. Oblig.
 Unltd. Tax 7.125% 12/1/12,
 (AMBAC Insured) Aaa 1,000,000 1,150,000 851205BG
 Stark-Belden Hsg. Dev. Corp. 1st Lien Rev.
 Section 8, 7.60% 12/1/09, (FHA
 Guaranteed) - 400,000 442,000 855289AB
 Stark County Health Care Facs. Rev. (Rose Lane
 Hosp. Proj.) 9% 12/1/23 - 6,135,000 6,909,544 854903AE
 Stark County Hosp. Rev. (Doctors Hosp. of Stark
 County) 6% 4/1/13 Baa 5,840,000 5,788,900 855348FS
 Stark County Ind. Dev. Rev. Rfdg. (Kroger Co.)
 7.20% 9/1/12 Ba3 3,100,000 3,359,625 855350DX
 MUNICIPAL BONDS - CONTINUED
 MOODY'S RATINGS PRINCIPAL VALUE
 (UNAUDITED) (C) AMOUNT (NOTE 1)
 OHIO - CONTINUED
 Stow City School Dist. School Impt. Unltd. Tax
 9.125% 12/1/06 A \$ 590,000 \$ 814,200 862403FB
 Student Loan Fund Corp. Student Loan Rev:
 Rfdg. Series A, 7.25% 2/1/08(b) A 2,000,000 2,162,500 863869AU
 Series B, 8.875% 8/1/08(b) - 5,280,000 5,742,000 863869AV
 Summit County Ind. Dev. Rev. Rfdg. (Surnow
 Assoc. Proj.) 7.65% 10/1/06 Ba3 1,070,000 1,198,400 866051KY
 Sylvania Gen. Oblig. 7.45% 12/1/10 Aa 875,000 1,025,938 871446FD
 Tiffin San. Swr. Impt. Gen. Oblig. Ltd. Tax
 7.10% 12/1/11 A 1,000,000 1,150,000 886563DG
 Toledo Univ. Gen. Receipts 7.125% 6/1/20,
 (MBIA Insured) (Pre-Refunded to 6/1/00
 @ 102) (e) Aaa 700,000 824,250 915138BH
 Trumbull County Hosp. Rev. (Trumbull Mem.
 Hosp. Proj.) 9.625% 11/1/12, (FGIC Insured)
 (Pre-Refunded to 11/1/95 @ 102) (e) Aaa 50,000 56,500 898138AQ
 Union County Gen. Oblig. (Mem. Hosp.)
 7.40% 12/1/10 A1 680,000 776,900 906412CC
 Warren County: 935154ML
 Ltd. Tax 6.65% 12/1/11 Aa 500,000 585,000 935154ML
 6.10% 12/1/12 Aa 500,000 555,000 935154NA
 Warren Gen. Oblig. Ltd. Tax 8.625% 11/15/13
 (Pre-Refunded to 11/15/98 @ 102) (e) Baa 1,000,000 1,226,250 935460EW
 Warren Hosp. Rev. Rfdg. (Warren Gen.
 Hosp. Proj.) Series B, 7.30% 11/15/14 BBB 4,105,000 4,469,319 935482CN
 Warren Hsg. Dev. Corp. Rev. (1st Mtg. Rev.)
 Section 8:
 7.25% 6/1/04 - 200,000 205,000 935485BB

7.25% 6/1/05 - 200,000 205,500 935485BC
 7.25% 6/1/06 - 200,000 205,750 935485BD
 7.25% 6/1/07 - 200,000 206,000 935485BE
 7.25% 6/1/08 - 200,000 206,250 935485BF
 Washington County Ind. Dev. Rev. Rfdg.
 (Kmart Corp. Proj.) 6.70% 3/15/07 A 1,080,000 1,196,100 938157BT
 Wauseon Exempted Village School Dist.
 7.25% 12/1/10 A 1,000,000 1,148,750 943436BQ
 Westerville Minerva Park & Blendon Joint
 Township Hosp. Dist. Rev.
 Hosp. Impt. Rfdg. (St. Anns Hosp. Proj.)
 9.50% 9/15/12 (AMBAC Insured) Aaa 150,000 166,875 960051AY
 Rfdg. Series B, (St. Anns Hosp. Proj.) 7%
 9/15/12, (AMBAC Insured) Aaa 2,000,000 2,292,500 960051BY
 MUNICIPAL BONDS - CONTINUED
 MOODY'S RATINGS PRINCIPAL VALUE
 (UNAUDITED) (C) AMOUNT (NOTE 1)
 OHIO - CONTINUED
 Whitehall City School Dist. 7.25% 12/1/13
 (Pre-Refunded to 12/1/99 @ 102) A \$ 500,000 \$ 592,500 965152FR
 Willoughby Gen. Oblig. Road Impt. Ltd.
 Tax 7.40% 12/1/11 A 1,200,000 1,525,500 971090PR
 Wright Univ. Gen. Receipts 5.15% 5/1/11,
 (AMBAC Insured) Aaa 1,000,000 993,750 982354AT
 Xenia Hsg. Dev. Corp. Rev. 1st Lien
 (Xenia Tower Proj.) Section 8, 7.75%
 2/1/10 - 2,095,000 2,163,088 984077AA
 Youngstown Ltd. Tax 7.55% 12/1/11 Baa 1,500,000 1,683,750 987643RH
 405,901,629
 PUERTO RICO - 9.0%
 Puerto Rico Commonwealth Aqueduct & Swr.
 Auth. Rev. Series A, 7.875% 7/1/17 Baa 750,000 867,188 745160KC
 Puerto Rico Commonwealth Gen. Oblig.:
 Rfdg. Series 1988, 0% 7/1/07 Baa1 2,760,000 1,376,550 7451435D
 Unltd. Tax Series 1991:
 0% 7/1/06 Baa1 3,850,000 2,035,688 745144BX
 0% 7/1/07 Baa1 3,150,000 1,571,063 745144BY
 5% 7/1/21 Baa1 5,000,000 4,750,000 745144KJ
 Puerto Rico Commonwealth Hwy. & Trns.
 Auth. Rev. Series W, 5.50% 7/1/13 Baa1 15,250,000 15,459,688 745181BZ
 Puerto Rico Commonwealth Urban
 Renewal & Hsg. Corp. Rfdg. 7.875%
 10/1/04 Baa1 2,000,000 2,340,000 745245ES
 Puerto Rico Elec. Pwr. Auth. Pwr. Rev. Rfdg.
 Series N, 0% 7/1/01, (BIG Insured) Aaa 4,125,000 2,908,125 745268JF
 Puerto Rico Infrastructure Fing. Auth. Spl.
 Tax Series 1988 A, 7.75% 7/1/08 Baa1 2,500,000 2,837,500 745219AQ
 Puerto Rico Pub. Bldg. Auth. Gtd. Pub.
 Ed. & Health Facs. Rfdg. Series I, 0%
 7/1/04 (FGIC Insured) Aaa 5,620,000 3,400,100 745232GH
 Puerto Rico Pub. Bldg. Auth. Rev. Rfdg.
 Series L, 5.50% 7/1/21 Baa1 2,000,000 2,037,500 745235GJ
 Puerto Rico Tel. Auth. Rev. 5.25% 1/1/04,
 (AMBAC Insured) (d) Aaa 2,000,000 2,065,000 745297HX
 41,648,402
 MUNICIPAL BONDS - CONTINUED
 MOODY'S RATINGS PRINCIPAL VALUE
 (UNAUDITED) (C) AMOUNT (NOTE 1)
 U.S. VIRGIN ISLANDS - 0.4%
 Virgin Islands Pub. Fin. Auth. Rev. Rfdg.
 Series A, 7.25% 10/1/18 (Escrowed to
 Maturity) (e) - \$ 1,500,000 \$ 1,687,500 927676CF
 TOTAL MUNICIPAL BONDS
 (Cost \$411,789,092) 449,237,531
 MUNICIPAL NOTES (A) - 2.8%
 OHIO - 2.8%
 Cincinnati Univ. Gen. Receipts BAN
 Series S, 3.02% 9/1/94 MIG 1 2,800,000 2,809,688 914118SQ
 Dayton Spl. Facs. Rev. Rfdg. (Emery Air Freight
 Corp.) Series 1993-E, 3.15%,
 LOC Mellon Bank, VRDN VMIG 1 3,000,000 3,000,000 239874AH
 Ohio Air Quality Dev. Auth. Dev. Rev.
 (JMG Funding Ltd. Partnership) Series 1992 B,
 3.40%, LOC Societe Generale, VRDN (b) AA 5,000,000 5,000,000 677525KH

Ohio State Univ. Rev. (Gen. Receipts)
 Series 1985 B, 3.25%, LOC Industrial Bank
 of Japan, VRDN VMIG 1 1,890,000 1,890,000 677653QG
 TOTAL MUNICIPAL NOTES
 (Cost \$12,693,956) 12,699,688
 TOTAL INVESTMENTS - 100%
 (Cost \$424,483,048) \$ 461,937,219

SECURITY TYPE ABBREVIATIONS

BAN - Bond Anticipation Notes
 VRDN - Variable Rate Demand Notes

LEGEND

- (a) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.
- (b) Private activity obligations whose interest is subject to the federal alternative minimum tax for individuals (AMT securities).
- (c) Standard & Poor's Corporation credit ratings are used in the absence of a rating by Moody's Investors Service, Inc.
- (d) Inverse floating rate security is a security where the coupon is inversely indexed to a floating interest rate multiplied by a specified factor. If the floating rate is high enough, the coupon rate may be zero or be a negative amount that is carried forward to reduce future interest and/or principal payments. The price may be considerably more volatile than the price of a comparable fixed rate security.
- (e) Security collateralized by an amount sufficient to pay interest and principal.

INCOME TAX INFORMATION

At December 31, 1993 the aggregate cost of investment securities for income tax purposes was \$424,483,048. Net unrealized appreciation aggregated \$37,454,171, of which \$37,549,423 related to appreciated investment securities and \$95,252 related to depreciated investment securities. The fund hereby designates \$790,000 as a capital gain dividend for the purpose of the dividend paid deduction.

At December 31, 1993 the fund was required to defer \$3,500,000 of losses on futures contracts.

OTHER INFORMATION

The composition of long-term debt holdings as a percentage of total value of investments for the period ended is as follows (ratings are unaudited):

MOODY'S RATINGS S&P RATINGS
 Aaa, Aa, A 53.2% AAA, AA, A 51.0%
 Baa 16.8% BBB 9.4%
 Ba 3.8% BB 3.0%
 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 17.0%. The distribution of municipal securities by revenue source, as a percentage of total value of investments, is as follows:

General Obligation 24.4%
 Health Care 20.9
 Water & Sewer 13.1
 Others
 (individually less than 10%) 41.6
 TOTAL 100.0%

FIDELITY OHIO TAX-FREE HIGH YIELD PORTFOLIO

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>		
<CAPTION>		
<S>	<C>	<C>
DECEMBER 31, 1993		
1.ASSETS	2.	3.
4.Investment in securities, at value (cost \$424,483,048)	5.	\$ 461,937,219
(Notes 1 and 2) - See accompanying schedule		

6. Interest receivable	7.	6,839,063
8. 9. TOTAL ASSETS	10.	468,776,282
11. LIABILITIES	12.	13.
14. Payable to custodian bank	\$ 47,632	15.
16. Payable for investments purchased	9,934,306	17.
18. Payable for fund shares redeemed	220,096	19.
20. Dividends payable	438,032	21.
22. Accrued management fee	155,984	23.
24. Other payables and accrued expenses	108,178	25.
26. 27. TOTAL LIABILITIES	28.	10,904,228
29. 30. NET ASSETS	31.	\$ 457,872,054
32. Net Assets consist of:	33.	34.
35. Paid in capital	36.	\$ 420,133,674
37. Accumulated undistributed net realized gain (loss) on investments	38.	284,209
39. Net unrealized appreciation (depreciation) on investment securities	40.	37,454,171
41. 42. NET ASSETS, for 38,092,243 shares outstanding	43.	\$ 457,872,054
44. 45. NET ASSET VALUE, offering price and redemption price per share (\$457,872,054 (divided by) 38,092,243 shares)	46.	\$12.02

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>

<CAPTION>

<S> <C> <C>

YEAR ENDED DECEMBER 31, 1993

47. 48. INTEREST INCOME	49.	\$ 27,611,433
50. EXPENSES	51.	52.
53. Management fee (Note 4)	\$ 1,801,750	54.
55. Transfer agent, accounting and custodian fees and expenses (Note 4)	666,009	56.
57. Non-interested trustees' compensation	1,212	58.
59. Registration fees	21,580	60.
61. Audit	32,225	62.
63. Legal	5,033	64.
65. Miscellaneous	10,572	66.
67. 68. TOTAL EXPENSES	69.	2,538,381
70. 71. NET INTEREST INCOME	72.	\$ 25,073,052
73. REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (NOTES 1 AND 3)	75.	76.

74. Net realized gain (loss) on:		
77. Investment securities	13,696,874	78.
79. Futures contracts	(934,372)	12,762,502
80. Change in net unrealized appreciation (depreciation) on:	81.	82.
83. Investment securities	12,904,374	84.
85. Futures contracts	(22,808)	12,881,566
86. 87. NET GAIN (LOSS)	88.	25,644,068
89. 90. NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	91.	\$ 50,717,120

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

<S>

<C>

YEARS ENDED DECEMBER 31,

<C>

1993

1992

92. INCREASE (DECREASE) IN NET ASSETS		
93. Operations	\$ 25,073,052	\$ 22,678,473
Net interest income		
94. Net realized gain (loss) on investments	12,762,502	1,413,229
95. Change in net unrealized appreciation (depreciation) on investments	12,881,566	5,834,995
96. 97. NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	50,717,120	29,926,697
98. Distributions to shareholders from:		
Net interest income	(25,073,052)	(22,678,473)
99. Net realized gain	(9,306,252)	-
100. Share transactions		
Net proceeds from sales of shares	158,431,961	151,122,417
101. Reinvestment of distributions from:		
Net interest income	19,461,633	17,572,989
102. Net realized gain	7,508,556	-
103. Cost of shares redeemed	(128,728,993)	(118,849,817)
104. Net increase (decrease) in net assets resulting from share transactions	56,673,157	49,845,589
105. 106. TOTAL INCREASE (DECREASE) IN NET ASSETS	73,010,973	57,093,813
107. NET ASSETS	108.	109.
110. Beginning of period	384,861,081	327,767,268
111. End of period	\$ 457,872,054	\$ 384,861,081
112. OTHER INFORMATION	114.	115.
113. Shares		

income to average
net assets

137.Portfolio turnover rate	41%	20%	11%	12%	22%
-----------------------------	-----	-----	-----	-----	-----

</TABLE>

FIDELITY OHIO MUNICIPAL MONEY MARKET PORTFOLIO

PERFORMANCE: THE BOTTOM LINE

To measure a money market fund's performance, you can look at either total return or yield. Total return reflects the change in a fund's share price over a given period and reinvestment of its dividends (or income). Yield measures the income paid by a fund. Since a money market fund tries to maintain a \$1 share price, yield is an important measure of performance. If Fidelity had not reimbursed certain fund expenses during the periods shown, the total returns, dividends and yields would have been lower.

CUMULATIVE TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	LIFE OF FUND
Ohio Municipal Money Market	2.09%	18.65%
Consumer Price Index	2.75%	17.01%
Average Ohio Tax-Free Money Market Fund	2.08%	17.19%

CUMULATIVE TOTAL RETURNS reflect actual performance over a set period - in this case, one year or since the fund started on August 29, 1989. For example, if you invested \$1,000 in a fund that had a 5% return over the past year, you would end up with \$1,050. Comparing the fund's performance to the consumer price index (CPI) helps show how your investment did compared to inflation. To measure how the fund stacked up against its peers, you can compare its return to the average Ohio tax-free money market fund's total return. This average currently reflects the performance of 10 Ohio tax-free money market funds tracked by IBC/Donoghue. (The periods covered by the CPI and IBC/Donoghue numbers are the closest available match to those covered by the fund.)

AVERAGE ANNUAL TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	LIFE OF FUND
Ohio Municipal Money Market	2.09%	4.01%
Consumer Price Index	2.75%	3.69%
Average Ohio Tax-Free Money Market Fund	2.08%	3.72%

AVERAGE ANNUAL TOTAL 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.

YIELDS

<TABLE>

<CAPTION>

<S>	<C> 12/31/92	<C> 3/31/93	<C> 6/30/93	<C> 9/30/93	<C> 12/31/93
Ohio Municipal Money Market	3.01%	2.20%	1.88%	2.29%	2.44%
Average Ohio Tax-Free Money Market Fund	3.01%	2.13%	1.90%	2.25%	2.20%

Ohio Municipal Money Market Tax-equivalent	5.08%	3.72%	3.18%	3.87%	4.12%
---	-------	-------	-------	-------	-------

Average All Taxable Money Market Fund	2.86%	2.66%	2.63%	2.65%	2.72%
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</TABLE>

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 Row: 1, Col: 2, Value: 3.01
 Row: 2, Col: 1, Value: 2.2
 Row: 2, Col: 2, Value: 2.13
 Row: 3, Col: 1, Value: 1.88
 Row: 3, Col: 2, Value: 1.9
 Row: 4, Col: 1, Value: 2.29
 Row: 4, Col: 2, Value: 2.25
 Row: 5, Col: 1, Value: 2.44
 Row: 5, Col: 2, Value: 2.2

3% -
 2% -
 1% -
 0%

Ohio Tax-Free
 Money Market
 Average Ohio
 Tax-Free Money
 Market Fund

YIELD refers to the income paid by the fund over a given period. Yields for money market funds are usually for seven-day periods, expressed as annual percentage rates. A yield that assumes income earned is reinvested or compounded is called an effective yield. The chart above shows the fund's current seven-day yield at quarterly intervals over the past year. You can compare these yields to the average tax-free money market fund. Or you can look at the fund's tax-equivalent yield, which is based on a combined effective 1993 federal and Ohio state income tax rate of 40.80%. The tax-equivalent figures are useful in seeing how the fund stacked up against the average taxable money market fund as tracked by IBC/Donoghue.

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

COMPARING
 PERFORMANCE

Yields on tax-free investments are usually lower than yields on taxable investments. However, a straight comparison between the two may be misleading because it ignores the way taxes reduce taxable returns. Tax-equivalent yield -- the yield you'd have to earn on a similar taxable investment to match the tax-free yield -- makes the comparison more meaningful. Keep in mind that the U.S. government neither insures nor guarantees a money market fund. And there is no assurance that a money fund will maintain a \$1 share price. (checkmark)

FIDELITY OHIO MUNICIPAL MONEY MARKET PORTFOLIO

FUND TALK: THE MANAGER'S OVERVIEW

An interview with Jan Bradburn, Portfolio Manager of Fidelity Ohio Municipal Money Market Portfolio

Q. JAN, WHAT HAS HAPPENED TO SHORT-TERM INTEREST RATES OVER THE LAST YEAR?

A. The key feature last year was the stability of short-term interest rates. Both the federal funds rate - what banks charge each other for

overnight loans - and the discount rate - what the Federal Reserve charges member banks - have been at or near 3% ever since the fall of 1992. While tax-free interest rates have varied slightly along the way with the impact of technical factors, the municipal market, too, has been remarkably stable. Nor was inflation a big issue in the market, despite brief scares last spring and again in November.

Q. HOW DID YOU MANAGE THE FUND IN THAT KIND OF ENVIRONMENT?

A. Largely with an eye toward factors affecting supply and demand. Summer is the borrowing season for most states, including Ohio. The increased supply of new issues drives interest rates up and prices down. Accordingly, I took the opportunity to extend the fund's average maturity from around 60 days in June out to 80 days or more by the fall. Then as supply dried up and we began to hear rumblings of inflation, I let the average maturity roll back down toward a neutral target of 60 days. Finally, as inflation fears subsided and supply reentered the market, I extended the fund to lock in higher yields than were previously available. The fund's average maturity at the end of December was 78 days.

Q. HOW DID THE FUND PERFORM?

A. The fund's seven-day yield on December 31, 1993 was 2.44%, compared to 3.01% a year ago, when technical factors lifted the yield temporarily. The latest yield translates into a tax-equivalent yield of 4.12% for investors in the 40.80% combined effective 1993 federal and state tax bracket. The fund's total return for the entire year - which assumes reinvestment of monthly dividends - was 2.09%. The average Ohio tax-free money market fund had a total return of 2.08%.

Q. WHAT EXPLAINS PERFORMANCE?

A. There were a few factors; a 45.4% stake in issues subject to the alternative minimum tax, which offer more yield; and a 12% stake in some simple derivatives, among them. The derivatives I bought combine a long-term municipal bond with a "put," or an option to sell to a third party, typically a bank. The end product is an investment that pays a short-term variable interest rate and can be put on short notice, usually seven days. It acts much like any other variable rate demand note the fund might own, with one key difference: the yield is slightly higher, a fact that has more to do with the added complexity of these instruments than added investment risk.

Q. WHAT'S AHEAD FOR THE FUND?

A. Assuming the economy continues to improve, the Fed could raise interest rates, perhaps before the end of the second quarter of calendar 1994. However, I wouldn't want to get too defensive and give up yield unless the inflation outlook were to change dramatically. That suggests that a neutral average maturity might be the best approach in the months ahead - somewhere between 60 and 70 days.

FUND FACTS

GOAL: tax-free income and stability by investing in high-quality short-term Ohio municipal securities
START DATE: August 29, 1989
SIZE: as of December 31, 1993, over \$262 million
MANAGER: Janice Bradburn, since October 1993; manager, Fidelity and Spartan Massachusetts Municipal Money Market funds, since January 1992; Fidelity New York Tax-Free Money Market Portfolio, since September 1989; and Spartan New York Municipal Money Market Portfolio, since February 1990 (checkmark)

WORDS TO KNOW

COMMERCIAL PAPER: A security issued by a municipality to finance capital or operating needs.

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

MATURITY: The time remaining before an issuer is scheduled to repay the principal amount

on a debt security. When the fund's average maturity - weighted by dollar amount - is short, the fund manager is anticipating a rise in interest rates. When the average maturity is long, the manager is expecting rates to fall. When the average maturity is neutral, the manager wants the flexibility to respond to rising rates, while still capturing a portion of the higher yields available from issues with longer maturities.

MUNICIPAL NOTE: A security issued in advance of future tax or other revenues and payable from those specific sources.

TENDER BOND: A variable-rate, long-term security that gives the bond holder the option to redeem the bond at face value before maturity.

VARIABLE RATE DEMAND NOTE (VRDN): A tender bond that can be redeemed on short notice, typically one or seven days. VRDNs are useful in managing the fund's average maturity and liquidity.

FIDELITY OHIO MUNICIPAL MONEY MARKET PORTFOLIO

INVESTMENT CHANGES

MATURITY DIVERSIFICATION

DAYS	% OF FUND ASSETS	
	12/31/93	6/30/93
0 - 30	50	62
31 - 90	12	10
91 - 180	22	18
181 - 397	16	10

WEIGHTED AVERAGE MATURITY

	12/31/93	6/30/93	12/31/92
Ohio Municipal Money Market	78 days	61 days	61 days
Average Ohio Tax-Free Money Market Fund*	71 days	64 days	58 days

ASSET ALLOCATION

AS OF 12/31/93 AS OF 6/30/93

Row: 1, Col: 1, Value: 50.0
 Row: 1, Col: 2, Value: 9.0
 Row: 1, Col: 3, Value: 8.0
 Row: 1, Col: 4, Value: 30.0
 Row: 1, Col: 5, Value: 3.0
 Row: 1, Col: 1, Value: 50.0
 Row: 1, Col: 2, Value: 7.0
 Row: 1, Col: 3, Value: 8.0
 Row: 1, Col: 4, Value: 33.0
 Row: 1, Col: 5, Value: 2.0

Variable rate demand notes (VRDNs) 49%
 Commercial

paper 8%
 Tender bonds 10%
 Municipal
 notes 27%
 Other 6%
 Variable rate
 demand notes
 (VRDNs) 50%
 Commercial
 paper 7%
 Tender bonds 8%
 Municipal
 notes 33%
 Other 2%

* SOURCE: IBC/DONOGHUE'S MONEY FUND REPORT(Registered trademark)
 FIDELITY OHIO TAX-FREE MONEY MARKET PORTFOLIO

INVESTMENTS/DECEMBER 31, 1993
 (Showing Percentage of Total Value of Investments)

MUNICIPAL SECURITIES (A) - 100%

PRINCIPAL VALUE
 AMOUNT (NOTE 1)

OHIO - 100.0%

Akron Gen. Oblig. San. Swr. Sys. Impt.
 BAN 2.80% 6/15/94 \$ 3,000,000 \$ 3,004,024 010033GY
 Akron Gen. Oblig. Str. Impt. Spl. Assessment BAN
 2.93% 12/15/94 1,000,000 1,001,668 010095AB
 Bedford Heights Ind. Dev. (Olympic Steel) Series 1989,
 3.45%, LOC Nat'l. City Bank, Cleveland, VRDN (b) 1,700,000 1,700,000
 076122AB
 Centerville School Dist. BAN 2.50% 6/29/94 5,000,000 5,000,000 152239DU
 Cincinnati Univ. Gen. Receipts BAN: 914118SM
 Series K-1, 2.81% 3/23/94 7,400,000 7,404,161 914118SM
 Series N, 2.81% 3/23/94 2,400,000 2,401,350 914118SN
 Cleveland-Cuyahoga County Port Auth. Rev. (Rock'n Roll
 Hall of Fame & Museum Proj.) 3.35%, LOC Credit
 Local De France, VRDN 5,400,000 5,400,000 186103AB
 Cleveland Public Pwr. Sys. Rev. BAN, Series 93-B,
 3.50% 8/1/94 9,000,000 9,021,322 186398BW
 Dayton Spl. Facs. Rev. Rfdg. (Emery Air Freight Corp.)
 Series 1993-E, 3.15%LOC Mellon Bank, N.A, VRDN 3,000,000 3,000,000
 239874AH
 Dublin BAN 3% 3/29/94 4,285,000 4,290,021 263713NQ
 Fairfax Ind. Dev. Rev. (Johnson & Hardin Co. Proj.)
 Series 1990, 3.40%, LOC Bank of Ohio, VRDN (b) 3,700,000 3,700,000
 304040AA
 Green Local School Dist. Unlimited Tax Gen. Oblig.
 BAN 3.30% 4/14/94 6,000,000 6,010,938 393190DJ
 Hamilton County Health Care Facs. Rev. (West Park
 Retirement Commty.) Series 1989, 3%, LOC Fifth
 Third Bank, VRDN 1,000,000 1,000,000 40727HAV
 Hamilton County Ind. Dev. Rev. VRDN (b):
 (Visual Management Group Proj.) Series 1989,
 3.40% LOC National Bank of Detroit 1,140,000 1,140,000 407274DC
 Holmes County Ind. Dev. Rev.
 (Poultry Processing, Inc.) Series 1990, 3.50%,
 LOC Rabobank Nederland, 500,000 500,000 436370AC
 Lorain County Ind. Dev. (French Creek Partners)
 Series A, 3.40%, LOC Central Trust, VRDN (b) 1,150,000 1,150,000
 543587CP
 Marion County Hosp. Impt. Rev. (Pooled Lease Prog.)
 LOC Bank One, OT: 569122AY
 Series 1991, 2.65% 5/1/94 4,230,000 4,230,000 569122AY
 Series 1992, 2.90% 5/1/94 9,700,000 9,700,000 569122AZ
 Medina County Ind. Dev. Rev. (North American Roto
 Engravers, Inc. Proj.) Series 1988 3.35%,
 LOC Bank One, VRDN (b) 1,040,000 1,040,000 584724CP
 Montgomery County Ind. Dev. Rev. (Modern Industrial
 Plastics, Inc.) Series 1988, 3.375%,
 LOC Industrial Bank of Japan, VRDN 2,000,000 2,000,000 613535EY
 MUNICIPAL SECURITIES (A) - CONTINUED
 PRINCIPAL VALUE
 AMOUNT (NOTE 1)

OHIO - CONTINUED

Mt. Vernon City School Dist. BAN 2.50% 6/1/94 \$ 3,400,000 \$ 3,400,000
623640CM
Muskingum County Ind. Dev. Rev. (Elder-Beerman
Stores Inc.) 2.95%, LOC Pittsburgh Nat'l. Bank, VRDN 700,000 700,000
628078BP
Ohio Air Quality Dev. Auth.:
Multi-Mode Rfdg. (Timken Proj.), 2.75%,
LOC Credit Suisse, VRDN 4,700,000 4,700,000 677525KD
(JMG Funding, LTD Prtn.) LOC Society Generale, VRDN (b): 677525KG
Series 1992 A, 3.15% 6,000,000 6,000,000 677525KJ
Series 1992 B, 3.40% 7,300,000 7,300,000 677525KH
Ohio Custodial Receipts Series 1991 A-15, 3.25%
(Liquidity Enhancement Mitsui Bank, Ltd.) (c) 3,600,000 3,600,000
55377EAG
Ohio Higher Edl. Facs. Rev. Series 11-1990A 3.25%,
Partnership Ctfs. (Liquidity Enhancement Banker's
Trust) (c) 4,940,000 4,940,000 67756BDH
Ohio Ind. Dev. Rev. VRDN (b): 677565D7
(Aerolite Extrusion) Series 1991 IA, 3.50%
LOC Nat'l City Bank of Columbus 190,000 190,000 6775654Q
(All Tools, Inc.) Series 1989 IIIA, 3.50%,
LOC Nat'l City Bank of Columbus 105,000 105,000 677565D7
(Anomatic Corp.) Series 1989 I, 3.50%,
LOC Nat'l City Bank of Columbus 295,000 295,000 677565YS
(Arthur Corp.) Series 1989 IIIA, 3.50%,
LOC Nat'l City Bank of Columbus 340,000 340,000 677565D8
(Burnham Corp.): 677565XF
Series 1987 N, 3.50%, LOC Bank One 640,000 640,000 677565XF
Series 1988 II, 3.50%, LOC Central Trust Co. 530,000 530,000 677565YG
(CCE Inc.) Series 1989, 3.50%,
LOC Bank of Ohio 210,000 210,000 677565YQ
(Carpenter/Clapp & Haney Tool Co.)
Series 1987 P, 3.50%, LOC Bank One 435,000 435,000 677565XL
(Cole Tool & Die) Series 1988 H, 3.50%,
LOC Bank One 330,000 330,000 677565XQ
(Corpad Head Co.) Series 1988 II, 3.50%,
LOC Bank of Ohio 675,000 675,000 677565YJ
(Die Matic Inc.) Series O, 3.50%,
LOC Bank One, Columbus 475,000 475,000 677565XG
(Dramex Int'l., Inc.) VRDN (b): 677565XV
Series 1988 I, 3.50%, LOC Bank One 1,000,000 1,000,000 677565XV
Series 1988 II, 3.50%, LOC Bank of Ohio 200,000 200,000 677565YK
(EF Realty) Series A, 3.50%, LOC Nat'l.
City Bank, Cleveland 215,000 215,000 677565RC
(EPIC Technologies Inc.) Series 1988 D,
3.50%, LOC Bank One, Columbus 310,000 310,000 677565XT

MUNICIPAL SECURITIES (A) - CONTINUED

PRINCIPAL VALUE

AMOUNT (NOTE 1)

OHIO - CONTINUED

Ohio Ind. Dev. Rev., VRDN (b): 677565D7 - continued
(Economy Machine & Tool North Inc. Proj.)
Series 1988 II, 3.50%, LOC Nat'l. City Bank, Columbus \$ 290,000 \$ 290,000
677565YF
(Gary W. James) Series 1986 B,
3.50%, LOC Nat'l City Bank of Columbus 315,000 315,000 677565RF
(HGN Realty/Shalmet Ohio, Inc.) Series 1989 III A,
3.50%, LOC Nat'l City Bank of Columbus 1,840,000 1,840,000 677565E6
(Hydro Tube Corp.) 3.50%,
LOC Nat'l City Bank of Columbus 95,000 95,000 6775654U
(K&S Realty) Series 1989 I, 3.50%,
LOC Nat'l City Bank of Columbus 340,000 340,000 677565YR
(K&S Realty/Starr Fabricating, Inc.) Series 1989 III,
3.50%, LOC Nat'l City Bank of Columbus 255,000 255,000 677565E7
(Kaufmans Bakery) Series K, 3.50%,
LOC Bank One, Columbus 995,000 995,000 677565XH
(Masashi Nagai/Snair Co.) Series H, 3.50%,
LOC Bank One, Columbus 1,410,000 1,410,000 677565YD
(Midwest Acoust-A-Fiber, Inc.) Series 1989 I, 3.50%,
LOC Nat'l City Bank of Columbus 640,000 640,000 677565YP
(Morrow Macke Realty) Series 1988 C, 3.50%,
LOC Bank One 800,000 800,000 677565XS
(Oak Printing) Series 1991, 3.50%,
LOC Nat'l City Bank of Columbus 750,000 750,000 6775654B

(Plasticos Co.) Series 1989 IIIA, 3.50%,
LOC Nat'l City Bank of Columbus 770,000 770,000 677565D9
(Prentke Romich) Series 1989 III, 3.50%,
LOC Nat'l City Bank of Columbus 145,000 145,000 677565E2
(P. Thompson Steel Co.) Series 1988, 3.50%,
LOC Bank One, Columbus 500,000 500,000 677565XR
(Quick Tab) Series 1989 IIIA, 3.50%,
LOC Nat'l City Bank of Columbus 400,000 400,000 677565E5
(SBD Properties Co.) Series 1986 L, 3.50%,
LOC Nat'l. City Bank, Cleveland 215,000 215,000 677565RM
(Samuel and Annie Sherman) Series 1989 III A, 3.50%,
LOC Nat'l City Bank of Columbus 400,000 400,000 677565B5
(Sheffield Steel) Series 1988 B, 3.50%,
LOC Bank One 85,000 85,000 677565XP
(Southwest Fin. Svcs.) Series 1986, 3.50%,
LOC Nat'l. City Bank of Columbus 85,000 85,000 677565RJ
(Standby Screw) Series 1991, 3.50%,
LOC Nat'l City Bank of Columbus 940,000 940,000 6775654S
(Steubenville Area) Series 1988 II, 3.50%,
LOC Bank of Ohio 370,000 370,000 677565YM

MUNICIPAL SECURITIES (A) - CONTINUED
PRINCIPAL VALUE
AMOUNT (NOTE 1)
OHIO - CONTINUED

Ohio Ind. Dev. Rev., VRDN (b): 677565D7 - continued
(Thomas K. Issacs) Series 1990 IB, 3.50%,
LOC Nat'l City Bank of Columbus \$ 270,000 \$ 270,000 677565P2
(United Steel Svc.) Series 1988 J, 3.50%,
LOC Bank One 790,000 790,000 677565XW
(VRE Inc.) Series F, 3.50%,
LOC Bank One, Columbus 225,000 225,000 677565XU
(Valtronic Technology Inc.) 3.50%,
LOC Bank One, Columbus 85,000 85,000 677565ZL
(Walker-Williams Lumber Co.) Series 1989 IIIA, 3.50%,
LOC Nat'l City Bank of Columbus 1,370,000 1,370,00 677565E40
(Wooster Iron Metal Co.) Series 1988 R, 3.50%,
LOC Bank One 620,000 620,000 677565YC

Ohio Partnership Ctfs. SBPA Merrill Lynch (c) 232265A2:
(Cuyahoga County Hosp. Rev. CSA Health Network)
Series P-15 3.25% 8,000,000 8,000,000 232265A2
(Hamilton County Swr. Bonds) Series PA-15, 3.20% 5,660,000 5,660,000
407288GE
(Ohio Higher Ed. Bonds) Series P13, 3.20% 2,400,000 2,400,000
677597MT
(Ohio Wtr. Dev. Bonds): 6776583H
Series PA-1016A, 3.20% 2,940,000 2,940,000 6776583H
Series PA-1016B 3.20% 3,700,000 3,700,00 6776583M0

Ohio Pub. Facs. Commtty. Higher Ed. Facs. Bonds,
Series II-93B, 4.625% 12/1/94 8,000,000 8,130,699 677597NP
Ohio Pub. Facs. Commtty. Mental Health Facs. Bonds,
Series II-B/1993 B, 4.25% 6/1/94 2,000,000 2,011,842 677597MW
Ohio State Hwy. Bonds 6.75% 5/15/94 6,000,000 6,087,548 6775174U
Ohio Wtr. Dev. Auth. (Cleveland Elec. Proj.) VT
LOC Citibank: 679997RV
Series 1988A-1, 2.50% 2/22/94 (b) 8,500,000 8,500,000 679997RV
Series 1988A-2 2.50% 2/24/94 1,000,000 1,000,000 679997RT

Ohio Wtr. Dev. Auth. Poll. Cont. Facs. Rev. (Ohio Edison
Co. Proj.) Series 1988 B, 3.125% 9/3/94,
LOC Barclays Bank, OT (b) 8,000,000 8,004,749 677660DH
Ohio Wtr. Dev. Auth. Poll. Cont. Facs. Auth. VT
LOC Citibank, New York: 679997RW
(Cleveland Elec. Proj.) Series 1988A-2, 2.50%
2/22/94 VT (b) 3,000,000 3,000,000 679997RW
(Toledo Edison Co. Proj.) Series 1988A 2.50%
2/22/94 2,000,000 2,000,000 679997RU

Ohio Wtr. Dev. Auth Poll. Cont. Rev. (Dequesne Light Co.
Proj.) VT, LOC Toronto Dominion Bank (b): 679997RS
2.75% 1/27/94 2,000,000 2,000,000 679997RS
2.45% 2/23/94 3,500,000 3,500,000 679997SC

MUNICIPAL SECURITIES (A) - CONTINUED
PRINCIPAL VALUE
AMOUNT (NOTE 1)
OHIO - CONTINUED

Sharonville Ind. Dev. Rev. (Xtec, Inc.) Series 1991, 3.40%,
LOC Fifth Third Bank, VRDN (b) \$ 2,000,000 \$ 2,000,000 819875CH

Southwestern City School Dist. BAN (Franklin & Pickway County) 2.75% 5/17/94 9,000,000 9,011,653 840658DK
 Stark County BAN: 855345TQ
 3.06% 7/13/94 11,375,000 11,388,509 855345TQ
 3.02% 10/26/94 1,340,000 1,342,342 855345TR
 Stark County Ind. Dev. Rev. (Liquid Cont. Corp. Proj.)
 Series 1987, 3.35%, LOC Bank One, VRDN (b) 410,000 410,000 855350DR
 Student Loan Fund Corp. Student Loan Rev. VRDN: 863869AD
 Series 1983 A, 3.25%, LOC Fuji Bank 1,650,000 1,650,000 863869AD
 Series 1988 B-1, 3.40%, LOC Sumitomo Bank (b) 8,275,000 8,275,000
 863869AL
 Series 1988 B-2, 3.40%, LOC Sumitomo Bank (b) 575,000 575,000 863869AM
 Series 1988 B-3, 3.40%, LOC Sumitomo Bank Ltd. (b) 500,000 500,000
 863869AN
 Series 1990-A2, 3.35%, LOC Natwest (b) 3,800,000 3,800,000 863869AQ
 Series 1990-A3, 3.35%, LOC Nat'l. Westminster (b) 4,500,000 4,500,000
 863869AR
 Summit County Ind. Dev. Rev.: 866051FR
 (American Laser Tech Inc. Proj.) 3.65%,
 LOC Fuji Bank(b) 3,000,000 3,000,000 866051KE
 (Ganzhorn Properties Proj.) 3.35%
 LOC Bank One, Akron,VRDN 1,170,000 1,170,000 866051KW
 (Keltec Inc. Proj.) Series 1987, 3.35% VRDN (b) 420,000 420,000
 866051FR
 (Kuchar Proj.); 866051HS
 Series 1987, 3.35% VRDN (b) 740,000 740,000 866051FS
 3.05% 4/1/94, OT (b) 580,000 580,000 866051HS
 (Mannix County Proj.) Series 1987, 3.35%
 VRDN (b) 1,740,000 1,740,000 866051FT
 (SGS Tool Co. Proj.) 3% 4/1/94 OT (b) 3,250,000 3,250,000 866051HQ
 (Spark Tec Int'l. Proj.) Series 1989, 3.10%
 5/1/94 OT (b) 485,000 485,000 866051HC
 Talawanda City School Dist. BAN 3.20% 4/7/94 4,000,000 4,006,668
 874092CL
 Toledo-Lucas County Convention & Visitors Bureau
 Rev. Rfdg. (Toledo-Lucas County Convention Ctr. Proj.)
 Series 1991, 3.25% LOC Marine Midland Bank
 VRDN 2,265,000 2,265,00 889239AC0
 Trumbull County Ind. Dev. Rev. (McDonald Steel Corp.)
 Series 1990, 3.40%, LOC Marine Bank, VRDN (b) 2,300,000 2,300,000
 898140CG
 University of Cincinnati Gen. Receipt BAN Series S,
 3.02% 9/1/94 2,800,000 2,803,989 914118SQ
 MUNICIPAL SECURITIES (A) - CONTINUED
 PRINCIPAL VALUE
 AMOUNT (NOTE 1)
 OHIO - CONTINUED
 Warren County Ind. Dev. Rev. VRDN: 935159BJ
 (Amtex, Inc. Proj.) 3.25%, LOC National Bank of Detroit \$ 1,000,000 \$
 1,000,000 935159BJ
 (Johnson & Hardin Enterprise) Series 1990 A, 3.40%,
 LOC Central Trust (b) 3,200,000 3,200,000 935159BR
 Washington County Ind. Dev. Rev. (Forma Scientific, Inc. Proj.)
 3.40%, LOC Bank of Ohio, VRDN (b) 1,000,000 1,000,000 938157BQ
 TOTAL MUNICIPAL SECURITIES - 100% \$ 262,631,483
 Total Cost for Income Tax Purposes \$ 262,631,483

SECURITY TYPE ABBREVIATIONS

BAN - Bond Anticipation Notes
 CP - Commercial Paper
 FRDN - Floating Rate Demand Notes
 MT - Mandatory Tender
 RAN - Revenue Anticipation Notes
 OT - Optional Tender
 TAN - Tax Anticipation Notes
 TRAN - Tax & Revenue Anticipation Notes
 VRDN - Variable Rate Demand Notes
 VT - Variable Tender

LEGEND

(a) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.
 (b) Private activity obligations whose interest is subject to the federal alternative minimum tax for individuals (AMT securities).

(c) Provides evidence of ownership in an underlying pool of municipal bonds.

INCOME TAX INFORMATION

At December 31, 1993, the fund had a capital loss carryforward of approximately \$11,200 of which \$5,100 and \$6,100 will expire on December 31, 1998, and 2000 respectively.

FIDELITY OHIO TAX-FREE MONEY MARKET PORTFOLIO

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>

<CAPTION>

<S>

<C>

<C>

DECEMBER 31, 1993

138.ASSETS	139.	140.
141.Investment in securities, at value (Note 1) - See accompanying schedule	142.	\$ 262,631,483
143.Interest receivable	144.	1,425,484
145. 146.TOTAL ASSETS	147.	264,056,967
148.LIABILITIES	149.	150.
151.Payable to custodian bank	\$ 1,264,934	152.
153.Share transactions in process	253,726	154.
155.Dividends payable	18,766	156.
157.Accrued management fee	91,399	158.
159.Other payables and accrued expenses	56,801	160.
161. 162.TOTAL LIABILITIES	163.	1,685,626
164.165.NET ASSETS	166.	\$ 262,371,341
167.Net Assets consist of:	168.	169.
170.Paid in capital	171.	\$ 262,382,570
172.Accumulated net realized gain (loss) on investments	173.	(11,229)
174.175.NET ASSETS, for 262,382,570 shares outstanding	176.	\$ 262,371,341
177.178.NET ASSET VALUE, offering price and redemption price per share (\$262,371,341 (divided by) 262,382,570 shares)	179.	\$1.00

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>

<CAPTION>

<S>

<C>

<C>

YEAR ENDED DECEMBER 31, 1993

180.181.INTEREST INCOME	182.	\$ 6,483,818
183.EXPENSES	184.	185.
186.Management fee (Note 4)	\$ 1,015,231	187.
188.Transfer agent, accounting and custodian fees and expenses (Note 4)	386,857	189.

190.Non-interested trustees' compensation	3,063	191.
192.Registration fees	1,158	193.
194.Audit	17,894	195.
196.Legal	3,715	197.
198.Miscellaneous	5,739	199.
200. 201.TOTAL EXPENSES	202.	1,433,657
203.204.NET INTEREST INCOME	205.	5,050,161
206.207.NET REALIZED GAIN (LOSS) ON INVESTMENTS (NOTE 1)		2,115
208.209.NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	210.	\$ 5,052,276

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

<S>

<C>

YEARS ENDED DECEMBER 31,

<C>

1993

1992

211.INCREASE (DECREASE) IN NET ASSETS		
212.Operations	\$ 5,050,161	\$ 7,132,648
Net interest income		
213. Net realized gain (loss) on investments	2,115	(6,068)
214. Increase (decrease) in net unrealized gain from accretion of market discount	-	(1,769)
215.	5,052,276	7,124,811
216.NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		
217.Distributions to shareholders from net interest income	(5,050,161)	(7,132,648)
218.Share transactions at net asset value of \$1.00 per share	376,255,537	319,616,154
Proceeds from sales of shares		
219. Reinvestment of distributions from: Net interest income	4,776,146	6,754,471
220. Cost of shares redeemed	(388,910,557)	(303,999,410)
221.	(7,878,874)	22,371,215
Net increase (decrease) in net assets and shares resulting from share transactions		
222.	(7,876,759)	22,363,378
223.TOTAL INCREASE (DECREASE) IN NET ASSETS		
224.NET ASSETS	225.	226.
227. Beginning of period	270,248,100	247,884,722
228. End of period	\$ 262,371,341	\$ 270,248,100

</TABLE>

FINANCIAL HIGHLIGHTS

<TABLE> <CAPTION> <S>	<C> YEARS ENDED DECEMBER 31,	<C>	<C>	<C>	<C> AUGUST 29, 1989 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31,
229.	1993	1992	1991	1990	1989
231.SELECTED PER-SHARE DATA					
232.Net asset value, beginning of period	1.000	1.000	1.000	1.000	1.000
233.Income from Investment Operations Net interest income	.021	.028	.044	.058	.021
234. Dividends from net interest income	(.021)	(.028)	(.044)	(.058)	(.021)
235.Net asset value, end of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
236.TOTAL RETURN (DAGGER)	2.09%	2.81%	4.50%	5.90%	2.15%
237.RATIOS AND SUPPLEMENTAL DATA					
238.Net assets, end of period (000 omitted)	\$ 262,371	\$ 270,248	\$ 247,885	\$ 213,658	\$ 57,748
239.Ratio of expenses to average net assets	.59%	.58%	.47%	.23%	-
240.Ratio of expenses to average net assets before expense reductions	.59%	.59%	.64%	.69%	1.14%*
241.Ratio of net interest income to average net assets	2.07%	2.78%	4.41%	5.77%	6.37%*

</TABLE>

* ANNUALIZED

(DAGGER) TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

NOTES TO FINANCIAL STATEMENTS

For the period ended December 31, 1993

1. SIGNIFICANT ACCOUNTING POLICIES.

Fidelity Ohio Tax-Free High Yield Portfolio (the high yield fund) is a fund of Fidelity Municipal Trust. Fidelity Ohio Municipal Money Market Portfolio (the money market fund) is a fund of Fidelity Municipal Trust II. Each trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company. Fidelity Municipal Trust and Fidelity Municipal Trust II (the trusts) are organized as a Massachusetts business trust and a Delaware business trust, respectively. Each fund is authorized to issue an unlimited number of

shares. The following summarizes the significant accounting policies of the money market fund and the high yield fund:

SECURITY VALUATION.

HIGH YIELD FUND. Securities are valued based upon a computerized matrix system and/or appraisals by a pricing service, both of which consider market transactions and dealer-supplied valuations. Short-term securities maturing within sixty days are valued either at amortized cost or original cost plus accrued interest, both of which approximate current value. Securities for which quotations are not readily available through the pricing service are valued at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees.

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

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

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

DISTRIBUTIONS TO SHAREHOLDERS. Dividends are declared daily and paid monthly from net interest income. Distributions to shareholders from realized capital gains on investments, if any, 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 are primarily due to differing treatments for losses deferred due to wash sales and futures and options transactions.

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

CHANGE IN ACCOUNTING FOR DISTRIBUTIONS TO SHAREHOLDERS. Effective January 1, 1993, the funds adopted

1. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CHANGE IN ACCOUNTING FOR DISTRIBUTIONS TO SHAREHOLDERS - CONTINUED

Statement of Position 93-2: Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies. As a result, the funds changed the classification of distributions to shareholders to better disclose the differences between financial statement amounts and distributions determined in accordance with income tax regulations. Accordingly, amounts as of December 31, 1992 have been restated/reclassified as follows:

HIGH YIELD FUND. Paid in capital and accumulated net realized loss on investments increased by \$63,423.

MONEY MARKET FUND. No adjustments were necessary.

2. OPERATING POLICIES.

FUTURES CONTRACTS AND OPTIONS. The high yield fund may invest in futures contracts and write options. These investments involve, to varying degrees, elements of market risk and risks in excess of the amount recognized in the Statement of Assets and Liabilities. The face or contract amounts reflect the extent of the involvement the high yield fund has in the particular classes of instruments. Risks may be caused by an imperfect correlation between movements in the price of the instruments and the price of the underlying securities and interest rates. Risks also may arise if there is an illiquid secondary market for the instruments, or due to the inability of counterparties to perform.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. Options traded on an exchange are valued using the last sale price or, in the absence of a sale, the last offering price. Options traded over-the-counter are valued using dealer-supplied valuations.

3. PURCHASES AND SALES OF

INVESTMENTS.

HIGH YIELD. Purchases and sales of securities, other than short-term securities, aggregated \$217,347,308 and \$171,404,354 respectively. The market value of futures contracts opened and closed amounted to \$238,156,510 and \$243,366,517 respectively.

4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE. As each fund's investment adviser, Fidelity Management & Research Company (FMR) receives a monthly basic 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 each fund. The group fee rate is the weighted average of a series of rates ranging from .15% to .37% and is based on the monthly average net assets of all the mutual funds advised by FMR. The annual individual fund fee rate is .25%. For the period, the management fees were equivalent to annual rates of .41% and .42%, respectively of average net assets for the high yield and money market funds, respectively.

4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES - CONTINUED

The Board of Trustees approved a new group fee rate schedule with rates ranging from .1325% to .37%. Effective November 1, 1993, FMR has voluntarily agreed to implement this new group fee rate schedule as it results in the same or a lower management fee.

On December 15, 1993, the shareholders of the high yield fund voted to approve a proposal to amend the management contract. The new management fee will reflect the new group fee rate schedule.

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

DISTRIBUTION AND SERVICE PLAN. Pursuant to the Distribution and Service Plans (the Plans), and in accordance with Rule 12b-1 of the 1940 Act, FMR or the funds' distributor, Fidelity Distributors Corporation (FDC), an affiliate of FMR, may use their resources to pay administrative and promotional expenses related to the sale of each fund's shares. Subject to the approval of each Board of Trustees, the Plans also authorize payments to third parties that assist in the sale of each fund's shares or render shareholder support services. FMR or FDC has informed the funds that payments made to third parties under the Plans amounted to \$2,753 and \$101,895 for the high yield and money market funds, respectively, for the period.

TRANSFER AGENT AND ACCOUNTING FEES. United Missouri Bank, N.A. (the Bank) is the custodian and transfer and shareholder servicing agent for the funds. The Bank has entered into a sub-contract with Fidelity Service Co. (FSC), an affiliate of FMR, under which FSC performs the activities associated with the funds' transfer and shareholder servicing agent and accounting functions. The funds pay transfer agent fees based on the type, size, number of accounts and number of transactions made by shareholders. FSC pays for typesetting, printing and mailing of all shareholder reports, except proxy statements. The accounting fee is based on the level of average net assets for the month plus out-of-pocket expenses. For the period, FSC received transfer agent and accounting fees amounting to \$452,121 and \$174,640 for the high yield fund and \$305,272 and \$53,555 for the money market fund, respectively.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees of Fidelity Municipal Trust
and Fidelity Municipal Trust II and the
Shareholders of Fidelity Ohio Tax-Free
High Yield Portfolio and Fidelity Ohio
Municipal Money Market Portfolio:

We have audited the accompanying statements of assets and liabilities of Fidelity Ohio Tax-Free High Yield Portfolio, a portfolio of the Fidelity Municipal Trust, and Fidelity Ohio Municipal Money Market Portfolio, a portfolio of the Fidelity Municipal Trust II including the schedules of portfolio investments, as of December 31, 1993, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended for the Fidelity Ohio Tax-Free High Yield Portfolio, and the financial highlights for each of the four years in the period then ended and for the period from August 29, 1989 (commencement of operations) to December 31, 1989 for the Fidelity Ohio Municipal Money Market Portfolio. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of

securities owned as of December 31, 1993 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Fidelity Ohio Tax-Free High Yield Portfolio and Fidelity Ohio Municipal Money Market Portfolio as of December 31, 1993, the results of their operations for the year then ended, the changes in their net assets for each of the two years then ended, and the financial highlights for each of the five years in the period then ended for the Fidelity Ohio Tax-Free High Yield Portfolio and for each of the four years in the period then ended and for the period from August 29, 1989 (commencement of operations) to December 31, 1989 for the Fidelity Ohio Municipal Money Market Portfolio, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND
Boston, Massachusetts
January 28, 1994
TO CALL FIDELITY

FOR FUND INFORMATION AND QUOTES

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

YOUR PERSONAL IDENTIFICATION NUMBER
(PIN)

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

to set up your Personal Identification Number (PIN). The PIN assures that only you have automated telephone access to your account information.

Please have your Customer Number (T-account #) handy when you call -- you'll need it to establish your PIN. If you would ever like to change your PIN, just choose the "Change your Personal

Identification Number" option when you call. If you forget your PIN, please call a Fidelity representative at 1-800-544-6666 for assistance.

(PHONE_GRAPHIC) (PHONE_GRAPHIC) (PHONE_GRAPHIC) (PHONE_GRAPHIC) MUTUAL FUND
QUOTES*

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MICHIGAN
MUNICIPAL
PORTFOLIOS

ANNUAL REPORT
DECEMBER 31, 1993
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THIS REPORT AND THE FINANCIAL STATEMENTS CONTAINED HEREIN ARE SUBMITTED FOR THE GENERAL INFORMATION OF THE SHAREHOLDERS OF THE FUND. THIS REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS IN THE FUND UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS. NEITHER THE FUND NOR FIDELITY DISTRIBUTORS CORPORATION IS A BANK, AND FUND SHARES ARE NOT BACKED OR GUARANTEED BY ANY BANK OR INSURED BY THE FDIC.
PRESIDENT'S MESSAGE

DEAR SHAREHOLDER:

Once the new year begins, many people start reviewing their finances and calculating their tax bills. No one wants to pay more taxes than they have to. But a recent survey of 500 U.S. households, conducted by Fidelity and Yankelovich Partners, showed that few people have taken steps to reduce their taxes under the new legislation. Many were not even aware that the new tax laws were retroactive to January 1993.

Whether or not you're someone whose tax bill will increase as a result of these changes, it may make sense to consider ways to keep more of what you earn.

First, if your employer offers a 401(k) or 403(b) retirement savings plan, consider enrolling. These plans are set up so you can make regular contributions -

before taxes - to a retirement savings plan. They offer a disciplined savings strategy, the ability to accumulate earnings tax-deferred, and immediate tax savings. For example, if you earn \$40,000 a year and contribute 7% of your salary to your 401(k) plan, your annual contribution is \$2,800. That reduces your taxable income to \$37,200 and, if you're in the

28% tax bracket, saves you \$784 in federal taxes. In addition, you pay no taxes on any earnings until withdrawal.

It may be a good idea to contact your benefits office as soon as possible to find out when you can enroll or increase your contribution. Most employers allow employees to make changes only a few times each year.

Second, consider an IRA. Many people are eligible to make an IRA contribution (up to \$2,000) that is fully tax deductible. That includes people who are not covered by company pension plans, or those within certain income brackets. Even if you don't qualify for a fully deductible contribution, any IRA earnings will grow tax-deferred until withdrawal.

Third, consider adding to your tax-free investments - either municipal bonds or municipal bond funds. Often these can provide higher after-tax yields than comparable taxable investments. For example, if you're in the new 36% federal income tax bracket and invest \$10,000 in a taxable investment yielding 7%, you'll pay \$252 in federal taxes and receive \$448 in income. That same \$10,000 invested in a tax-free bond fund yielding 5.5% would allow you to keep \$550 in income.

These are three investment strategies that could help lower your tax bill in 1994. If you're interested in learning more, please call us at 1-800-544-8888 or visit a Fidelity Investor Center.

Wishing you a prosperous new year,

Edward C. Johnson 3d, Chairman

FIDELITY MICHIGAN TAX-FREE HIGH YIELD PORTFOLIO

PERFORMANCE: THE BOTTOM LINE

There are several ways to evaluate a fund's historical performance. You can look at the total percentage change in value, the average annual percentage change, or the growth of a hypothetical \$10,000 investment. Each figure includes changes in a fund's share price, reinvestment of any dividends (or

income) and capital gains (the profits the fund earns when it sells bonds that have grown in value). You can also look at the fund's income. If Fidelity had not reimbursed certain fund expenses during the periods shown, the total returns, dividends and yields would have been lower.

CUMULATIVE TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	PAST 5 YEARS	LIFE OF FUND
Michigan Tax-Free High Yield	13.83%	61.89%	119.40%
Lehman Brothers Municipal Bond Index	12.29%	62.86%	n/a
Average Michigan Tax-Exempt Municipal Bond Fund	12.40%	59.32%	n/a
Consumer Price Index (CPI)	2.75%	21.00%	34.13%

CUMULATIVE TOTAL RETURNS reflect actual performance over a set period - in this case, one year, five years, or since the fund started on November 12, 1985. For example, if you invested \$1,000 in a fund that had a 5% return over the past year, you would end up with \$1,050. You can compare these figures to the performance of the Lehman Brothers Municipal Bond index - a broad gauge of the municipal bond market. To measure how the fund stacked up against its peers, you can look at the average Michigan tax-exempt municipal bond fund, which reflects the performance of 24 Michigan tax-exempt municipal bond funds tracked by Lipper Analytical Services. Both benchmarks include reinvested dividends and capital gains, if any. Comparing the fund's performance to the CPI helps show how your fund did compared to inflation. (Figures for the CPI are as of the month end closest to the fund's start.)

AVERAGE ANNUAL TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	PAST 5 YEARS	LIFE OF FUND
Michigan Tax-Free High Yield	13.83%	10.11%	10.13%
Lehman Brothers Municipal Bond Index	12.29%	10.25%	n/a
Average Michigan Tax-Exempt Municipal Bond Fund	12.40%	9.76%	n/a
Consumer Price Index	2.75%	3.89%	3.66%

AVERAGE ANNUAL TOTAL 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.

\$10,000 OVER LIFE OF FUND

Michigan Tax Free (081) Lehman Muni Bond Index

11/30/85	10000.00	10000.00
12/31/85	10228.04	10087.90
01/31/86	10687.19	10682.08
02/28/86	11127.76	11105.62
03/31/86	11215.73	11109.18
04/30/86	11211.16	11117.62
05/31/86	11014.05	10936.62
06/30/86	11104.96	11040.96
07/31/86	11192.51	11107.98
08/31/86	11728.63	11605.28
09/30/86	11744.86	11634.41
10/31/86	11980.10	11835.34
11/30/86	12202.92	12069.80
12/31/86	12174.63	12036.48
01/31/87	12524.17	12398.90
02/28/87	12647.80	12459.90
03/31/87	12511.95	12327.83
04/30/87	11594.89	11709.22
05/31/87	11456.19	11651.14
06/30/87	11689.71	11993.22
07/31/87	11879.96	12115.55
08/31/87	11906.65	12142.81
09/30/87	11314.43	11695.10
10/31/87	11388.40	11736.50
11/30/87	11631.88	12042.94
12/31/87	11832.70	12217.69

01/31/88	12356.20	12652.88
02/29/88	12509.85	12786.62
03/31/88	12221.63	12637.66
04/30/88	12272.39	12733.70
05/31/88	12347.33	12696.90
06/30/88	12576.27	12882.66
07/31/88	12686.04	12966.65
08/31/88	12749.39	12978.07
09/30/88	12970.04	13212.97
10/31/88	13241.11	13446.18
11/30/88	13134.04	13323.01
12/31/88	13372.66	13459.30
01/31/89	13563.89	13737.64
02/28/89	13481.08	13580.90
03/31/89	13486.10	13548.44
04/30/89	13881.01	13870.08
05/31/89	14164.98	14158.16
06/30/89	14347.57	14350.43
07/31/89	14479.62	14545.74
08/31/89	14366.23	14403.33
09/30/89	14332.92	14360.12
10/31/89	14477.63	14535.32
11/30/89	14678.29	14789.69
12/31/89	14738.67	14910.96
01/31/90	14647.76	14840.88
02/28/90	14772.60	14972.96
03/31/90	14766.57	14977.46
04/30/90	14511.72	14869.62
05/31/90	14855.92	15193.78
06/30/90	14983.11	15327.48
07/31/90	15193.41	15552.79
08/31/90	14963.53	15327.28
09/30/90	15038.11	15336.48
10/31/90	15180.59	15614.07
11/30/90	15477.85	15927.91
12/31/90	15497.50	15997.99
01/31/91	15644.75	16212.36
02/28/91	15761.71	16353.41
03/31/91	15792.95	16359.95
04/30/91	16055.17	16577.54
05/31/91	16128.95	16725.08
06/30/91	16105.12	16708.36
07/31/91	16359.20	16912.20
08/31/91	16555.78	17135.44
09/30/91	16737.51	17358.20
10/31/91	16919.67	17514.42
11/30/91	16981.94	17563.46
12/31/91	17362.94	17941.08
01/31/92	17425.81	17982.34
02/29/92	17454.90	17987.74
03/31/92	17474.70	17994.93
04/30/92	17629.58	18155.09
05/31/92	17820.61	18369.32
06/30/92	18133.46	18677.92
07/31/92	18795.51	19238.26
08/31/92	18530.13	19049.72
09/30/92	18655.94	19173.55
10/31/92	18340.70	18985.65
11/30/92	18789.33	19325.49
12/31/92	19018.73	19522.61
01/31/93	19297.47	19749.07
02/28/93	20073.13	20463.99
03/31/93	19844.03	20247.07
04/30/93	20055.87	20451.57
05/31/93	20189.52	20566.09
06/30/93	20536.19	20909.55
07/31/93	20521.04	20936.73
08/31/93	21007.44	21372.21
09/30/93	21273.22	21615.86
10/31/93	21305.56	21656.93
11/30/93	21166.56	21466.35
12/31/93	21649.22	21919.29

\$10,000 OVER LIFE OF FUND: Let's say you invested \$10,000 in Fidelity Michigan Tax-Free High Yield Portfolio on November 30, 1985, shortly after

the fund started. As the chart shows, by December 31, 1993, the value of your investment would have grown to \$21,649 - a 116.49% increase on your initial investment. For comparison, look at how the Lehman Brothers Municipal Bond index did over the same period. With dividends reinvested, the same \$10,000 would have grown to \$21,919 - a 119.19% increase.

UNDERSTANDING

PERFORMANCE

How a fund did yesterday is no guarantee of how it will do tomorrow. Bond prices, for example, move in the opposite direction of interest rates. In turn, the share price, return, and yield of a fund that invests in bonds 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)

INCOME

YEARS ENDED DECEMBER 31,	1993	1992	1991	1990	1989
Income return	6.28%	6.72%	7.26%	7.04%	7.34%

Capital gain return	2.17%	0.19%	0.00%	0.00%	0.00%
Change in share price	5.38%	2.63%	4.78%	-1.89%	2.87%
Total return	13.83%	9.54%	12.04%	5.15%	10.21%

Income return, capital gain return, and change in share price are all part of a bond fund's total return. An income return reflects the dividends paid by the fund. A capital gain return reflects the amount paid by the fund to shareholders based on the profits it has from selling bonds that have grown in value. Both returns assume the dividends or gains are reinvested. Changes in the fund's share price include changes in the prices of the bonds owned by the fund.

DIVIDENDS AND YIELD

PERIODS ENDED DECEMBER 31, 1993	PAST 30 DAYS	PAST 6 MONTHS	PAST 1 YEAR
Dividends per share	n/a	35.46(cents)	70.91(cents)
Annualized dividend rate	n/a	5.66%	5.79%
Annualized yield	5.09%	n/a	n/a
Tax-equivalent yield	8.34%	n/a	n/a

Dividends per share show the income paid by the fund for a set period. If you annualize this number, based on an average share price of \$12.42 over the past six months and \$12.24 over the past year, you can compare the fund's income over these two periods. The 30-day annualized yield is a standard formula for all funds based on the yields of the bonds in the fund, averaged over the past 30 days. This figure shows you the yield characteristics of the fund's investments at the end of the period. It also helps you compare funds from different companies on an equal basis. The tax-equivalent yield shows what you would have to earn on a taxable investment to equal the fund's tax-free yield, if you're in the 38.94% combined federal and state tax bracket.

FIDELITY MICHIGAN TAX-FREE HIGH YIELD PORTFOLIO

FUND TALK: THE MANAGER'S OVERVIEW

MARKET RECAP

Generally, interest rates fell during the 12 months ended December 31, 1993. As a result, bond prices rose and most fixed-income investors -

including those in tax-free bonds - - enjoyed attractive returns. The period began with worries of rising interest rates. The economic recovery was finally taking hold, and the spending plans of the president-elect were still unclear. But the bond market signaled its approval as President Clinton promised to reduce the deficit and fight inflation. The yield on the benchmark 30-year Treasury bond declined steadily and reached an historic low of 5.79% in mid-October. By year-end, mild inflation fears, fueled by a strengthening economy, had pushed up the yield on the 30-year bond to 6.35%. Two factors affected tax-free bonds specifically: on the positive side, higher federal taxes - discussed all year and approved in August - boosted demand. At the same time, record new issuance kept supplies high, which somewhat dampened prices. Overall during the period, tax-free bonds performed well compared to other fixed-income investments. The Lehman Brothers Municipal Bond Index - - a broad measure of the tax-free bond market - rose 12.29%. By comparison, the Lehman Brothers Aggregate Bond Index - which tracks investment-grade taxable bonds - - rose only 9.75%, due in part to relatively poor performance by mortgage backed securities. An interview with Peter Allegrini, Portfolio Manager of Fidelity Michigan Tax-Free High Yield Portfolio

Q. PETER, HOW DID THE FUND DO?

A. For the 12 months ended December 31, 1993, it had a total return of 13.83%. That beat the average Michigan tax-free bond fund, which returned 12.40% over the same period, according to Lipper Analytical Services.

Q. HOW DID THE FUND BEAT THE AVERAGE?

A. By having a longer duration than other Michigan funds - meaning it was more sensitive to interest rate declines. So as interest rates fell over the past year, its share price rose more than funds with shorter durations. I extended the fund's duration mainly by buying non-callable and zero coupon bonds. At the end of the period the fund had about a 10% stake in non-callable bonds, which can't be prematurely returned to their issuers. That also means they have a longer duration because non-callables always trade to their maturity date, rather than a shorter call date. When interest rates are falling and bond prices are rising, non-callable bonds tend to do well. Zero coupon bonds - which made up about 11% of the fund's investments at year end - behave in a similar way. On December 31, the fund's duration stood at 8.5 years, up from 7.8 a year earlier.

Q. TO EXTEND THE FUND'S DURATION WHY DIDN'T YOU JUST BUY BONDS WITH LONGER MATURITIES?

A. During the past year, the slope of the yield curve - or the difference in yield between different maturities - was fairly flat. That meant you weren't rewarded much for taking on the extra risk of buying a bond with a 30-year maturity. For example, you could pick up about 95% of the yield of a 30-year bond with a 15-year bond. I just didn't think that a 5% difference in yield justified the added price risk of a 30-year bond. So, at the end of December, about 40% of the fund was concentrated in bonds with maturities of ten to 20 years.

Q. THE FUND'S LARGEST SECTOR CONCENTRATION - AT 26.8% OF INVESTMENTS - IS HEALTH CARE. ARE YOU CONCERNED THAT THESE BONDS MIGHT BE AFFECTED BY HEALTH-CARE REFORM?

A. Not really. That's because I've tried to invest in bonds that will do well under reform. A good example is Michigan Healthcare Corporation - which is the fund's largest holding at 4% of the total investments. Its bonds are rated B, which is lower than investment grade, so they provide an attractive amount of income - about 9.5%. What I like about Michigan Healthcare is that it has a niche. The group runs mental health-care facilities across the state. Those facilities provide treatment to drug-dependent adolescents and young adults, one of the only organizations in the state to do so. What's more, the organization is well managed and has an arrangement with the state to provide services. That said, I'll continue to carefully monitor these bonds going forward.

Q. HOW DO YOU THINK MICHIGAN'S ECONOMY WILL FARE OVER THE NEXT 12 MONTHS?

A. I'm optimistic. Improved profits in the automobile industry are a good sign. And now that the North American Free Trade Agreement has been approved, Michigan's heavy manufacturing base will have more of a competitive advantage. This, combined with the recent strength in the auto industry, should contribute to a strong economy. While it's been at a slower pace than some other "rust belt" states, Michigan has diversified and includes more service-oriented businesses in the financial services, technology and other sectors. These should provide real growth opportunities for the state's economy.

Q. AFTER ENJOYING SUCH A STRONG YEAR IN 1993, CAN MUNICIPAL BONDS CONTINUE TO POST SUCH IMPRESSIVE RETURNS?

A. Throughout the past year, municipal bond prices were artificially low, in part because there was a record supply of bonds issued. But now, many of the refinancings permitted by law have already taken place; and once those refinancings taper off, I expect supply to be lower. On the demand side, investors are just now beginning to calculate their 1993 tax bills. And I think that once they see how much their taxes have risen, many will find tax-free bonds a more attractive investment.

Q. SO, ARE YOU OPTIMISTIC ABOUT MUNICIPAL BONDS FOR 1994?

A. I am because I expect interest rates to continue to stay low, despite some recent jitters in the bond market. Most commodity prices and wages - two early warning signals for higher inflation - have stabilized with no real signs of heading up. As long as inflation stays under control, and economic growth stays at a 2% to 3% level, interest rates and bond yields could continue at current levels. Even so, it's probably realistic for investors to expect more modest returns than we've seen during the past 12 months.

FUND FACTS

GOAL: to provide high current income exempt from federal and Michigan state income tax

START DATE: November 12, 1985

SIZE: as of December 31, 1993, over \$563 million

MANAGER: Peter Allegrini, since November 1985; manager, Fidelity Advisor High Income Municipal Portfolio, since February 1992; Fidelity Ohio Tax-Free Portfolio, since November 1985; Spartan Connecticut Municipal High Yield Portfolio, since October 1987; Fidelity Minnesota Tax-Free Portfolio, November 1985 - September 1993; Spartan Pennsylvania Municipal High Yield Portfolio, August 1986 - September 1993 (checkmark)

PETER ALLEGRINI'S INVESTMENT STRATEGY:

"I try to find the best value for the money, across a variety of credit qualities. I manage the fund for total return, not just high yield. The best way to achieve a consistently high rate

of return is to keep the fund invested for a substantial amount of income and to take advantage of changes in interest rates, which sometimes create inefficient prices. In October, for example, many investors sold bonds because they feared a surge in inflation. That created an opportunity to buy some attractive bonds at cheaper prices."

(bullet) Although the fund invests primarily in long-term, investment grade (Baa or above) bonds, up to one-third of its assets may be in lower quality bonds. At the end of December, about 8% of the fund's assets were Ba or B-rated. These bonds can provide higher income than higher-rated bonds. Another 10% were non-rated bonds. Non-rated doesn't necessarily mean low-rated - it just means that S&P or Moody's haven't assigned a rating.

(bullet) After health-care bonds, local general obligation bonds (GOs) - which are backed by the taxing power of the issuer - - were the fund's second largest industry concentration at year end. They were attractive because throughout most of 1993, GOs were in abundant supply and were offered at attractive prices.

FIDELITY MICHIGAN TAX-FREE HIGH YIELD PORTFOLIO

INVESTMENT CHANGES

TOP FIVE SECTORS AS OF DECEMBER 31, 1993

	% OF FUND'S INVESTMENTS	% OF FUND'S INVESTMENTS IN THESE SECTORS 6 MONTHS AGO
Health Care	27	25
General Obligation	14	16
Electric Revenue	12	15
Industrial Development	8	9
Transportation	7	2

AVERAGE YEARS TO MATURITY AS OF DECEMBER 31, 1993
6 MONTHS AGO

Years 20.0 20.5

AVERAGE YEARS TO MATURITY SHOWS THE AVERAGE TIME UNTIL THE PRINCIPAL OF THE BONDS IN THE FUND IS EXPECTED TO BE REPAID, WEIGHTED BY DOLLAR AMOUNT.

DURATION AS OF DECEMBER 31, 1993
6 MONTHS AGO

Years 8.5 7.6

DURATION SHOWS HOW MUCH A BOND'S PRICE FLUCTUATES WITH CHANGES IN INTEREST

RATES. IF RATES RISE 1%, FOR EXAMPLE, THE SHARE PRICE OF A FUND WITH A FIVE-YEAR DURATION WILL FALL 5%.

QUALITY DIVERSIFICATION AS OF DECEMBER 31, 1993
(MOODY'S RATINGS)

Aaa 37%
Aa, A 30%
Baa 15%
Ba, B 8%
Non-rated 10%
Row: 1, Col: 1, Value: 37.0
Row: 1, Col: 2, Value: 30.0
Row: 1, Col: 3, Value: 15.0
Row: 1, Col: 4, Value: 8.0
Row: 1, Col: 5, Value: 10.0

THIS CHART EXCLUDES SHORT-TERM INVESTMENTS. WHERE MOODY'S RATINGS ARE NOT AVAILABLE, WE HAVE USED S&P RATINGS.
FIDELITY MICHIGAN TAX-FREE HIGH YIELD PORTFOLIO

INVESTMENTS/DECEMBER 31, 1993
(Showing Percentage of Total Value of Investments)

MUNICIPAL BONDS - 98.0%

MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)

MICHIGAN - 88.6%

Ann Arbor School Dist. Pub. Schools Ultd. Tax
(Cap. Appreciation) 0% 5/1/05 Aa \$ 1,500,000 \$ 845,625 035519NA
Bay City Gen. Oblig. (Cap. Appreciation)
0% 6/1/07, (AMBAC Insured) Aaa 1,595,000 787,531 072077JV
Brighton Area School Dist. (Livingston County)
Series II, 0% 5/1/15, (AMBAC Insured) Aaa 12,950,000 4,079,250 109367NU
Brighton Area School Dist.. Unltd. Tax:
Rfdg Series II, 0% 5/1/13, (AMBAC Insured) Aaa 10,050,000 3,567,750
109367NS
Series I, 0% 5/1/05, (AMBAC Insured) Aaa 3,320,000 1,888,250 109367KY
Brighton Livingston County Wtr. Supply Sys.
Ltd. Tax:
5.25% 11/1/08 A 200,000 199,000 109349EU
5.25% 11/1/09 A 200,000 198,250 109349EV
Central Michigan Univ. Rev. Rfdg. (Cap.
Appreciation) 6% 10/1/13, (MBIA Insured) Aaa 465,000 492,900 154123QQ
Chippewa Valley Schools Rfdg. Unltd. Tax,
5% 5/1/21, (FGIC Insured) Aaa 3,000,000 2,857,500 170016NU
Comstock Pub. Schools (Cap. Appreciation) 0%
5/1/05, (Cap. Guaranty Insured) Aaa 1,300,000 739,375 205723DT
Detroit City School Dist. 7.15% 5/1/11,
(AMBAC Insured) Aaa 2,000,000 2,370,000 251129SN
Detroit Convention Facs. Rev. Rfdg.
(Cobo Hall Expansion Proj.):
5.25% 9/30/07 A 3,000,000 2,966,250 251131BE
5.25% 9/30/12 A 13,500,000 13,111,875 251131BF
Detroit Econ. Dev. Corp. Ltd. Oblig. Rev.
(Michigan Health Care Corp. Proj.)
9.10% 12/1/09 - 3,905,000 4,100,250 251141AF
Detroit Gen. Oblig.:
6.35% 4/1/14 Ba1 3,500,000 3,552,500 251093KD
(Distributable State Aid):
5.25% 5/1/08, (AMBAC Insured) Aaa 2,500,000 2,503,125 251093JT
5.25% 5/1/09, (AMBAC Insured) Aaa 4,000,000 3,990,000 251093JU
7.20% 5/1/09, (AMBAC Insured)
(Pre-Refunded to 5/1/99 @ 102) (e) Aaa 2,500,000 2,825,000 251093GA
Detroit Hosp. Fin. Auth. Facs. Rev. (Michigan
Healthcare Corp. Proj.) 10% 12/1/20 B 14,655,000 16,340,325 251145AA
Detroit Swr. Disp. Rev. 8.379% 7/1/23,
(FGIC Insured) (d) Aaa 9,000,000 9,506,250 251237PH
Detroit Wtr. Supply Sys. Rev. Rfdg. 6.50%
7/1/15, (FGIC Insured) Aaa 15,000,000 17,381,250 251255TP
Eastern Michigan Univ. Rev. Rfdg. 6.375%
6/1/14, (AMBAC Insured) Aaa 2,000,000 2,197,500 276731RQ
MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)
MICHIGAN - CONTINUED
Flint Hosp. Bldg. Auth. Rev. (Hurley Med. Ctr.):

Rfdg. 9.50% 7/1/06 Baal \$ 5,670,000 \$ 6,194,475 339511AQ
6.50% 7/1/20 Baal 5,570,000 5,799,763 339511CC
Forest Hills Pub. Schools Gen. Oblig. Unltd.
Tax 7.375% 5/1/15 (Pre-Refunded
to 5/1/00 @ 101) (e) Aa 2,000,000 2,357,500 345748NJ
Grand Haven Elec. Rev. Rfdg. 5.25% 7/1/16,
(MBIA Insured) Aaa 8,000,000 7,870,000 385550CW
Grand Rapids Bldg. Auth. Ltd. Tax 10% 4/1/01,
(Pre-Refunded to 4/1/94 @ 102) (e) A1 345,000 357,938 386244DS
Grand Rapids San. Swr. Sys. Rev. Impt. & Rfdg.
7% 1/1/16 A1 1,000,000 1,112,500 386289BA
Grand Rapids Wtr. Supply Sys. Rev. 7.25%
1/1/20, (FGIC Insured) (Pre-Refunded to
1/1/00 @ 102) (e) Aaa 3,000,000 3,525,000 386316FS
Grand Valley Univ. Rev. 7.875% 10/1/08 A 1,000,000 1,143,750 386545AP
Greater Detroit Resource Recovery Auth. Rev.
Series G, 9.25% 12/13/08 BBB- 3,000,000 3,273,750 391689AG
Gull Lake Comnty. School Dist. (Cap.
Appreciation) 0% 5/1/13, (FGIC Insured) Aaa 3,000,000 1,072,500
402748BW
Harbor Springs Pub. School Bldg. Unltd. Tax:
0% 5/1/11, (AMBAC Insured) Aaa 1,280,000 510,400 411558ED
0% 5/1/12, (AMBAC Insured) Aaa 1,390,000 524,725 411558EE
0% 5/1/13, (AMBAC Insured) Aaa 1,455,000 520,163 411558EF
Haslett Pub. School Dist. Unltd. Tax 7.50%
5/1/20 (Pre-Refunded to 5/1/00 @ 101) (e) A1 1,500,000 1,779,375
418308HY
Howell Pub. Schools Unltd. Tax
Rfdg. (Cap. Appreciation):
0% 5/1/10, (AMBAC Insured) Aaa 1,130,000 474,600 443114HQ
0% 5/1/11, (AMBAC Insured) Aaa 1,800,000 717,750 443114HR
0% 5/1/12, (AMBAC Insured) Aaa 2,755,000 1,002,131 443114HS
0% 5/1/13, (AMBAC Insured) Aaa 2,120,000 752,600 443114HT
0% 5/1/14, (AMBAC Insured) Aaa 3,000,000 1,008,750 443114HU
0% 5/1/15, (AMBAC Insured) Aaa 4,370,000 1,392,938 443114HV
0% 5/1/16, (AMBAC Insured) Aaa 3,695,000 1,117,738 443114HW
(Cap. Appreciation) 0% 5/1/06,
(FGIC Insured) Aaa 985,000 530,669 443114GN
Series 1991, 7% 5/1/20 (Pre-Refunded
to 5/1/01 @ 102) (e) A1 3,000,000 3,536,250 443114GU
Huron Valley School Dist. Gen. Oblig. Unltd. Tax
7.10% 5/1/08 (Pre-Refunded to
5/1/01 @ 102) (e) A1 2,500,000 2,962,500 447726EH
Huron Valley School Dist. Rfdg. Unltd. Tax
(Cap. Appreciation) 0% 5/1/11,
(FGIC Insured) Aaa 5,830,000 2,339,288 447726GN
MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)
MICHIGAN - CONTINUED
Imlay City Comnty. School Dist. Rfdg.
(Cap. Appreciation) 0% 5/1/06,
(FGIC Insured) Aaa \$ 1,375,000 \$ 740,781 452488DT
Kalamazoo City School Dist. Unltd. Tax
(School Bldg. & Site) 0% 5/1/07 Aa 1,195,000 598,994 483224DZ
Kalkaska Pub. Schools Unltd. Tax 0%
5/1/21, (AMBAC Insured) Aaa 980,000 226,625 483427DV
Kent County Refuse Disp. Sys. Ltd. Tax Rfdg.
8.40% 11/1/10 A1 2,000,000 2,282,500 490311AP
Kent Hosp. Fin. Auth. Rev. Rfdg. (Butterworth
Hospital) Series A, 7.25% 1/15/13 A1 5,685,000 6,878,850 490574GX
Kentwood Pub. School Kent County School
Bldg. & Site Rfdg. 6.40% 5/1/15 Aa 2,500,000 2,712,500 491746LR
Lansing Bldg. Auth. Rev. (Deferred Interest):
0% 6/1/10, (AMBAC Insured) Aaa 2,500,000 1,018,750 516393DE
0% 6/1/12, (FGIC Insured) Aaa 3,000,000 1,087,500 516393DG
Lowell Area School Dist. Unltd. Tax
(Cap. Appreciation):
Rfdg.:
0% 5/1/15, (FGIC Insured) Aaa 6,380,000 2,009,700 547694GJ
0% 5/1/16, FGIC Insured) Aaa 2,000,000 610,000 547694GK
0% 5/1/17, (FGIC Insured) Aaa 7,435,000 2,100,388 547694GL
0% 5/1/15, (FGIC Insured), (Pre-Refunded
to 5/1/05 @ 49) (e) Aaa 8,775,000 2,435,063 547694GA
Marquette City Hosp. Fin. Auth. Rev. Rfdg.

(Marquette Gen. Hosp.) Series C:
7.50% 4/1/07 A 1,000,000 1,115,000 571502BT
7.50% 4/1/19 A 1,190,000 1,322,388 571502BU

Menominee Area Pub. School Dist.
(Cap. Appreciation) 0% 5/1/05 A1 640,000 363,200 586889BN

Michigan Bldg. Auth. Rev.:
(Cap. Appreciation):
(Chippewa Correctional) Series I, 0%
10/1/00 A 2,275,000 1,706,250 594613C5

(Detroit Regional) Series I:
0% 10/1/99 A 2,000,000 1,577,500 594613C4
0% 10/1/01 A 1,000,000 712,500 594613C8
0% 10/1/02 A 2,000,000 1,352,500 594613D2
0% 10/1/04 A 8,120,000 4,922,750 594613D6

Series II:
6.75% 10/1/07, (AMBAC Insured) Aaa 2,100,000 2,375,625 594613Y6
6.75% 10/1/11 A 1,000,000 1,117,500 5946133N

MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)

MICHIGAN - CONTINUED
Michigan Comprehensive Trans. Rev. Rfdg.
Series II, 7.625% 5/1/11 A1 \$ 2,145,000 \$ 2,415,806 594636KG

Michigan Hosp. Fin. Auth. Rev.:
Rfdg.:
(Bay Med. Ctr.) Series A, 8.25% 7/1/12 Baa1 3,000,000 3,435,000
59465CSP

(Brighton Hosp.) Series A, 8.625%
10/1/18 - 1,550,000 1,631,375 59465CHH

(Detroit Macomb Hosp. Corp.) Series A:
7.40% 6/1/13 B 12,185,000 12,200,231 59465CCV
7% 6/1/15 B 1,345,000 1,284,475 59465CCW

(Detroit Med. Ctr.) Series B, 5.50%
8/15/23 A 5,000,000 4,787,500 59465CZ4

(Gratiot Commty. Hosp.) Series A,
8.75% 10/1/07 B 4,400,000 4,543,000 59465CKT

(McLaren Obligated Group) Series A:
5.375% 10/15/13 A 3,000,000 2,898,750 59465CT6
4.50% 10/15/21 A 8,475,000 7,129,594 59465CT7

(Port Huron Hosp.) Series A:
7.50% 7/1/05 Baa 1,000,000 1,051,250 59465CCE
7.625% 7/1/15 Baa 2,250,000 2,418,750 59465CCF

(Saratoga Commty. Hosp.) 8.75% 6/1/10 - 1,880,000 2,072,700 59465CB6
(Sisters of Mercy Health Corp.)
5.375% 8/15/14 (MBIA Insured) Aaa 9,950,000 10,024,625 59465CX2

(Daughters of Charity) (Providence Hosp.):
10% 11/1/15 Aa 1,090,000 1,230,338 5946483B
7% 11/1/21 Aa 1,000,000 1,128,750 59465CVJ

(Garden City Hosp.) 8.50% 9/1/17 Ba 2,000,000 2,227,500 59465CTS
(Harper Grace & Huron Valley Hosp.)
Series A, 10% 10/1/16 A 10,000 11,150 59465CK2
(Sisters Mercy Health Corp.) 7.50% 2/15/18 A 1,000,000 1,205,000
59465CTT

Michigan Hsg. Dev. Auth. Ltd. Oblig. Rev.
(Parkway Meadows Proj.) 6.85% 10/15/18,
(FSA Insured) Aaa 2,000,000 2,145,000 59465JFJ

Michigan Hsg. Dev. Auth. Rental Hsg. Rev.:
Series A, 6.60% 4/1/12 A+ 2,000,000 2,130,000 59465MCQ
Series B, 7.55% 4/1/23 A+ 4,750,000 5,141,875 59465MAW

Michigan Hsg. Dev. Auth. Single Family Mtg. Rev.
Series A:
7.70% 12/1/16 AA 3,005,000 3,196,569 594653EK
6.875% 6/1/23 AA 2,535,000 2,750,475 594653PN

MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)

MICHIGAN - CONTINUED
Michigan Muni. Bond Auth. Rev. (Local Gov't.
Loan Prog.):
Rfdg.:
(Cap. Appreciation) Series A, 0% 12/1/07,
(FGIC Insured) Aaa \$ 1,000,000 \$ 483,750 594553ED

Series A:
0% 12/1/04, (FGIC Insured) Aaa 2,000,000 1,167,500 594553DZ
0% 12/1/05, (FGIC Insured) Aaa 1,855,000 1,017,931 594553EA

0% 12/1/06, (FGIC Insured) Aaa 5,000,000 2,581,250 594553EB
 4.75% 12/1/09, (FGIC Insured) Aaa 6,000,000 5,790,000 594553EC
 (Marquette Bldg.) Series D, 6.75% 5/1/21,
 (AMBAC Insured) Aaa 2,475,000 2,784,375 594553LM
 (Wayne County Proj.) Series A, 7%
 12/1/09, (FGIC Insured) Aaa 5,750,000 6,511,875 5945528Q
 Group 9, 8.75% 11/1/17 A 500,000 573,750 594552UK
 Group 14, 7.70% 11/1/10, (AMBAC
 Insured) Aaa 455,000 520,975 594552M2
 Group 19, 7.50% 11/1/09, (AMBAC
 Insured) Aaa 1,000,000 1,150,000 594552W5
 Series C, 7.25% 5/1/20, (MBIA Insured) Aaa 500,000 581,250 5945528D
 Michigan Pub. Pwr. Agcy. Rev. Rfdg.
 (Belle River Proj.):
 Series A, 5.25% 1/1/18 A1 6,375,000 6,223,594 594570EH
 Series B, 5% 1/1/19 A1 15,500,000 14,705,625 594570FD
 Michigan South Central Pwr. Agcy. Pwr. Supply
 Sys. Rev. Rfdg.:
 Series 1991, 6.75% 11/1/10 A 2,000,000 2,207,500 594689BR
 5.90% 11/1/06, (MBIA Insured) Aaa 3,000,000 3,273,750 594689CD
 5% 11/1/09, (AMBAC Insured) Aaa 1,675,000 1,654,063 594689BD
 Michigan Strategic Fund Ltd. Oblig. Rev.:
 Rfdg.:
 (Detroit Edison Co.):
 7% 7/15/08, (MBIA Insured) Aaa 2,000,000 2,350,000 594692C4
 6.50% 2/15/16, (FGIC Insured) Aaa 2,000,000 2,200,000 594692Z5
 7% 5/1/21, (AMBAC Insured) Aaa 8,500,000 10,710,000 594692C7
 6.95% 9/1/21, (FGIC Insured) Aaa 1,000,000 1,132,500 594692S8
 (Environmental Research Institute) 6.25%
 8/15/06 A- 2,660,000 2,849,525 5946924Z
 (Environmental Research Michigan Proj.)
 8.125% 10/1/14 - 9,000,000 10,327,500 594692SZ
 (Ford Co. Proj.) Series A, 7.10% 2/1/06 A2 4,000,000 4,770,000
 594692B9
 MUNICIPAL BONDS - CONTINUED
 MOODY'S RATINGS PRINCIPAL VALUE
 (UNAUDITED) (C) AMOUNT (NOTE 1)
 MICHIGAN - CONTINUED
 Michigan Strategic Fund Ltd. Oblig. Rev.: - continued
 Rfdg.: - continued
 (Kmart Corp. Proj.):
 (Bad Axe) 6.70% 4/15/07 A \$ 1,010,000 \$ 1,128,675 594692Z4
 (Eaton Twp.) 6.25% 9/1/06 A 1,200,000 1,294,500 5946924K
 (Ironwood) 6.80% 6/15/07 A 555,000 622,294 594692Y6
 (Roseville) 6.25% 10/1/06 A 2,100,000 2,262,750 5946924L
 (Environmental Research Institute) 6.375%
 8/15/12 A- 2,000,000 2,122,500 5946925B
 (Gladwin Pines Nursing Home Proj.)
 (Midland Hosp. Ctr.) 8.75% 1/1/08 A- 1,640,000 1,867,550 594692JV
 (Mercy Svcs. for Aging Proj.) 9.40% 5/15/20 - 8,925,000 9,795,187
 594692XT
 (Michigan Health Care Corp. Proj.)
 9.10% 12/1/14 - 1,860,000 1,953,000 594692TL
 Michigan Univ. Hosp. Rev. Series 1990, 7%
 12/1/21 Aa 1,000,000 1,177,500 914454V7
 Midland County Econ. Dev. Corp. Poll. Cont.
 Rev. Rfdg. (Subordinated Ltd. Oblig.)
 Series B, 9.50% 7/23/09 (b) - 13,200,000 15,048,000 597901AD
 Midland Wtr. Supply Sys. Rev. Rfdg.
 7.20% 4/1/10 A 1,350,000 1,515,375 597596CK
 Monroe County Econ. Dev. Corp. Ltd. Oblig.
 Rev. Rfdg. (Detroit Edison Co.) Series AA,
 6.95% 9/1/22, (FGIC Insured) Aaa 1,000,000 1,240,000 610647BL
 Monroe County Poll. Cont. Rev. (Detroit Edison
 Co. Proj.):
 Series 1, 6.875% 9/1/22,
 (MBIA Insured) (b) Aaa 3,000,000 3,348,750 610655DF
 Series I-B, 6.55% 9/1/24,
 (MBIA Insured) (b) Aaa 4,000,000 4,380,000 610655DH
 Okemos Pub. School Dist. Rfdg. (Cap. Appreciation)
 0% 5/1/12, (MBIA Insured) Aaa 1,000,000 378,750 678467GS
 Plymouth-Canton Commty. School Dist. Unltd.
 Tax Series C, 6.50% 5/1/16, (FGIC Insured) A1 2,000,000 2,187,500
 729429EN
 Pontiac Gen. Bldg. Auth. Rev. 6.875% 4/1/06,

(AMBAC Insured) Aaa 2,000,000 2,252,500 732545CK
Pontiac Hosp. Fin. Auth. Rev. (North Oakland
Med. Ctr. Obligated Group) 6% 8/1/18 Baa 5,000,000 4,918,750 732557AJ
Pontiac Stadium Bldg. Auth. Rev. 6.60% 3/1/03 Baa 1,145,000 1,169,331
732616BB
Port Huron Area School Dist. Unltd. Tax
(Cap. Appreciation) (School Bldg. & Site)
0% 5/1/08 A1 1,975,000 930,719 734353GL
Reed City Area Pub. Schools (Cap. Appreciation)
0% 5/1/12, (AMBAC Insured) Aaa 1,190,000 450,712 758165DB
MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)
MICHIGAN - CONTINUED
Rockford Pub. School Dist. Unltd. Tax Gen. Oblig.
Rfdg. 7.375% 5/1/19 (Pre-Refunded
to 5/1/00 @101) (e) A1 \$ 2,000,000 \$ 2,357,500 773318HC
Romulus Township School Dist. (Cap. Appreciation):
Series I, 0% 5/1/06, (FSA Insured) Aaa 3,610,000 1,944,887 776219GA
0% 5/1/20, (FGIC Insured) Aaa 1,390,000 333,600 776219JL
Royal Oak City School Dist. Unltd. Tax 0% 5/1/05,
(AMBAC Insured) Aaa 3,000,000 1,717,500 780427GP
Royal Oak Hosp. Fin. Auth. Hosp. Rev.
(William Beaumont Hosp.):
Series C, 7.375% 1/1/20 Aa 4,070,000 4,731,375 780486BC
Series D, 6.75% 1/1/20 Aa 2,750,000 2,994,062 780486BM
Royal Oak Hosp. Fin. Auth. (Beaumont
Properties, Inc.) Series E, 6.625% 1/1/19 Aa 2,000,000 2,172,500
780490AK
Saginaw Hosp. Fin. Auth. Hosp. Rev.:
Rfdg. (Saginaw Gen. Hosp.) 7.625%
10/1/19 A- 7,000,000 7,813,750 786744DE
(St. Lukes Hosp.) Series C, 6.75% 7/1/17,
(MBIA Insured) Aaa 2,000,000 2,235,000 786744FH
Sault Ste Marie (Cap. Appreciation) 0% 9/1/05,
(AMBAC Insured) Aaa 520,000 291,200 804413EC
St. Clair Shores Econ. Dev. Corp. Ltd. Oblig. Rev.
(Bon Secours Health Sys.) Series B, 7.50%
9/1/15 A1 2,200,000 2,477,750 788866BT
Tawas City Hosp. Fin. Auth. Hosp. Rev.
(St. Joseph Hosp. Proj.) Series A, 8.50%
3/15/12 - 2,515,000 2,672,187 876721AA
Three Rivers Area Hosp. Auth.:
Series A, 11% 11/1/08 - 300,000 321,750 885667AX
Series A, 11% 11/1/09 - 300,000 321,750 885667AY
University of Michigan Rev. Rfdg.
(Parking Sys.) Series A, 5% 6/15/15 Aa 1,000,000 971,250 9144546F
Vicksburg Comnty. Schools 7% 5/1/07,
(MBIA Insured) (Pre-Refunded to 5/1/01
@ 102) (e) Aaa 2,250,000 2,652,187 925717DG
Waterford Township Econ. Dev. Corp. Rev.
Ltd. Tax Oblig. (Canterbury Health Care):
8% 7/1/08 - 550,000 558,937 941458AT
8.375% 7/1/23 - 1,300,000 1,348,750 941458AU
Wayne Charter County Arpt. Rev. (Subordinated
Lien) (Detroit Metropolitan Arpt.):
Rfdg. 5.25% 12/1/13 (MBIA Insured) Aaa 2,000,000 1,987,500 944314DZ
Series A, 6.75% 12/1/19, (MBIA Insured) Aaa 6,125,000 7,166,250
944314BG
MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)
MICHIGAN - CONTINUED
Wayne Charter County Arpt. Rev. (Subordinated
Lien) (Detroit Metropolitan Arpt.): - continued
Series B, 6.875% 12/1/11,
(MBIA Insured) (b) Aaa \$ 1,500,000 \$ 1,706,250 944314BX
Series B, 5.50% 12/1/21,
(MBIA Insured) Aaa 2,000,000 1,995,000 944314DH
Series B, 6.75% 12/1/21,
(MBIA Insured) (b) Aaa 3,300,000 3,729,000 944314BY
Wayne Charter County Spl. Arpt. Facs. Rev.
(Republic Airlines, Inc. Proj.) Series C,
10.375% 12/1/15 - 4,475,000 4,849,781 944315AA
Wayne County Arpt. Rev. (Subordinated Lien)

Series B, 7% 12/1/10, (AMBAC Insured) Aaa 1,500,000 1,771,875 944522PN
Wayne County Bldg. Auth. Ltd. Tax Series A,
8% 3/1/17 Baa 2,250,000 2,598,750 944488LM
West Ottawa Pub. School Dist. Unltd. Tax Gen.
Oblig. (Cap. Appreciation) 0% 5/1/06,
(MBIA Insured) Aaa 4,110,000 2,214,262 955023FF
Western Michigan Univ. Inverse Floating Rate
Notes 5.75% 7/15/17, (FGIC Insured) (d) Aaa 2,500,000 2,540,625
958638MB
Western Michigan Univ. Rev.:
Series A, 5% 7/15/21, (FGIC Insured) Aaa 3,600,000 3,469,500 958638LZ
Series B, 6.75% 7/15/11,
(AMBAC Insured) Aaa 3,000,000 3,378,750 958638KK
Western Townships Utils. Auth. Swr. Disp. Sys.:
Rfdg. 6.50% 1/1/10, (Cap. Guaranty
Insured) Aaa 1,000,000 1,085,000 959767BE
Ltd. Tax 8.20% 1/1/18 BBB+ 2,500,000 2,818,750 959767AK
Williamston Gen. Oblig. Rfdg. 6.90% 11/1/17,
(AMBAC Insured) Aaa 1,000,000 1,136,250 970276DL
Wyandotte Tax Increment Fin. Auth. Ltd. Tax
(Central Dev. Area Proj.):
7.75% 6/1/05 (Pre-Refunded to
6/1/99 @ 101) (e) BBB 500,000 566,875 982793BL
7.875% 6/1/08 (Pre-Refunded to
6/1/99 @ 101) (e) BBB 500,000 568,125 982793BQ
491,812,920
MUNICIPAL BONDS - CONTINUED
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)
PUERTO RICO - 8.5%
Puerto Rico Commonwealth Aqueduct & Swr.
Auth. Rev. Series A, 7.875% 7/1/17 Baa \$ 1,300,000 \$ 1,503,125 745160KC
Puerto Rico Commonwealth Gen. Oblig. Rfdg.
Unltd. Tax 5% 7/1/21 Baa1 5,000,000 4,750,000 745144KJ
Puerto Rico Commonwealth Hsg. Banking & Fin.
Agcy. Single Family Rfdg.:
5.125% 12/1/04 Baa 3,450,000 3,445,687 745269CL
5.125% 12/1/05 Baa 1,890,000 1,878,187 745269CN
Puerto Rico Commonwealth Hwy. Auth. Hwy.
Rev. Rfdg. Series Q, 7.75% 7/1/16
(Pre-Refunded to 7/1/00 @ 102) (e) Baa1 500,000 608,750 745194QW
Puerto Rico Commonwealth Hwy. & Trans. Auth.
Hwy. Rev.:
Rfdg.:
Series W, 5.50% 7/1/13 Baa1 13,000,000 13,178,750 745181BZ
Series X, 5.50% 7/1/15 Baa1 4,000,000 4,060,000 745181FD
Series W, 5.50% 7/1/15 Baa1 3,000,000 3,045,000 745181CB
Puerto Rico Commonwealth Urban Renewal & Hsg.
Corp. Rfdg. 7.875% 10/1/04 Baa1 2,800,000 3,276,000 745245ES
Puerto Rico Elec. Pwr. Auth. Pwr. Rev. Resources
Auth. Pwr. Rev.:
Rfdg. Series M, 8% 7/1/08 Baa1 1,000,000 1,165,000 745268GZ
Series P, 7% 7/1/21 Baa1 1,750,000 1,977,500 745268LL
Series R, 6.25% 7/1/17 Baa1 3,000,000 3,206,250 745268ND
Puerto Rico Ind. Med. & Envir. Poll. Cont. Facs.
Fing. Auth. Rev. (Upjohn Co. Proj. Ltd.)
Series A, 7.50% 12/1/23 Aa3 2,100,000 2,428,125 745271CX
Puerto Rico Pub. Bldgs. Auth. Rev. Series K,
6.875% 7/1/21 (Pre-Refunded to
7/1/02 @ 101.50) (e) AAA 2,325,000 2,760,937 745235FW
47,283,311
U.S. VIRGIN ISLANDS - 0.3%
Virgin Islands Pub. Fin. Auth. Rev. Rfdg.
Series A, 7.25% 10/1/18 (Escrowed to
Maturity) (e) - 1,500,000 1,687,500 927676CF

GUAM - 0.6%
Guam Pwr. Auth. Rev. Series A, 5.25%
10/1/13 BBB 3,500,000 3,351,250 400653BF

TOTAL MUNICIPAL BONDS
(Cost \$493,491,100) 544,134,981
MUNICIPAL NOTES (A) - 2.0%
MOODY'S RATINGS PRINCIPAL VALUE
(UNAUDITED) (C) AMOUNT (NOTE 1)

MICHIGAN - 2.0%

Flint Hosp. Bldg. Auth. Rev. (Hurley Med. Ctr.)

Series 1985, 3.35%, LOC Comerica Bank,
Detroit, VRDN VMIG 1 \$ 1,400,000 \$ 1,400,000 339509BD

Grand Rapids Ind. Dev. Rev. (Rowe Int'l. Inc.)
3.55%, LOC Marine Midland Bank, VRDN - 2,300,000 2,300,000 386251AY

Michigan Strategic Fund Poll. Cont. Rev. Rfdg.

(Consumers Pwr. Co. Proj.) Series 1988 A,

4.25%, LOC Union Bank of Switzerland,
VRDN P-1 3,600,000 3,600,000 594693AJ

Michigan Univ. Regents Michigan Hosp. Rev.

Series 1992 A, 4.50%, VRDN VMIG 1 4,000,000 4,000,000 914454Z8

TOTAL MUNICIPAL NOTES

(Cost \$11,300,000) 11,300,000

TOTAL INVESTMENTS - 100%

(Cost \$504,791,100) \$ 555,434,981

SECURITY TYPE ABBREVIATIONS

VRDN - Variable Rate Demand Notes

LEGEND

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

(b) Private activity obligations whose interest is subject to the federal alternative minimum tax for individuals (AMT securities).

(c)(c) Standard & Poor's Corporation credit ratings are used in the absence of a rating by Moody's Investors Service, Inc.

(c)(d) Inverse floating rate security is a security where the coupon is inversely indexed to a floating interest rate multiplied by a specified factor. If the floating rate is high enough, the coupon rate may be zero or be a negative amount that is carried forward to reduce future interest and/or principal payments. The price may be considerably more volatile than the price of a comparable fixed rate security.

(c)(e) Security collateralized by an amount sufficient to pay interest and principal.

INCOME TAX INFORMATION

At December 31, 1993, the aggregate cost of investment securities for income tax purposes was \$504,791,100. Net unrealized appreciation (depreciation) aggregated \$50,643,881, of which \$50,901,842 related to appreciated investment securities and \$257,961 related to depreciated investment securities.

The fund hereby designates \$881,000 as a capital gain dividend for the purpose of the dividend paid deduction.

OTHER INFORMATION

The composition of long-term debt holdings as a percentage of total value of investments for the period ended is as follows (ratings are unaudited):

MOODY'S RATINGS S&P RATINGS
Aaa, Aa, A 56.3% AAA, AA, A 68.9%
Baa 13.0% BBB 7.0%
Ba 1.0% BB 0.0%
B 3.8% B 5.4%
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 10.4%. The distribution of municipal securities by revenue source, as a percentage of total value of investments, is as follows:

Health Care 26.8%
General Obligation 14.5
Electric Revenue 11.6
Others
(individually less than 10%) 47.1
TOTAL 100.0%

FIDELITY MICHIGAN TAX-FREE HIGH YIELD PORTFOLIO

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>

<CAPTION>

<S>

<C>

<C>

DECEMBER 31, 1993

5.ASSETS	6.	7.
8.Investment in securities, at value (cost \$504,791,100) (Notes 1 and 2) - See accompanying schedule	9.	\$ 555,434,981
10.Cash	11.	100,542
12.Receivable for investments sold	13.	2,461,095
14.Interest receivable	15.	8,373,467
16. 17.TOTAL ASSETS	18.	566,370,085
19.LIABILITIES	20.	21.
22.Dividends payable	\$ 2,553,711	23.
24.Accrued management fee	191,394	25.
26.Other payables and accrued expenses	132,613	27.
28. 29.TOTAL LIABILITIES	30.	2,877,718
31.32.NET ASSETS	33.	\$ 563,492,367
34.Net Assets consist of:	35.	36.
37.Paid in capital	38.	\$ 513,693,861
39.Accumulated undistributed net realized gain (loss) on investments	40.	(845,375)
41.Net unrealized appreciation (depreciation) on investment securities	42.	50,643,881
43.44.NET ASSETS, for 45,672,886 shares outstanding	45.	\$ 563,492,367
46.47.NET ASSET VALUE, offering price and redemption price per share (\$563,492,367 (divided by) 45,672,886 shares)	48.	\$12.34

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>

<CAPTION>

<S>	<C>	<C>
YEAR ENDED DECEMBER 31, 1993		
49.50.INTEREST INCOME	51.	\$ 33,712,037
52.EXPENSES	53.	54.
55.Management fee (Note 4)	\$ 2,196,049	56.
57.Transfer agent, accounting and custodian fees and expenses (Note 4)	822,362	58.
59.Non-interested trustees' compensation	1,569	60.
61.Registration fees	16,265	62.
63.Audit	31,847	64.
65.Legal	8,124	66.
67.Miscellaneous	31,263	68.
69. 70.TOTAL EXPENSES	71.	3,107,479
72.73.NET INTEREST INCOME	74.	30,604,558

75. REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (NOTES 1 AND 3)	77.	78.
76. Net realized gain (loss) on:		
79. Investment securities	13,885,333	80.
81. Futures contracts	(1,012,951)	12,872,382
82. Change in net unrealized appreciation (depreciation) on:	83.	84.
85. Investment securities	24,001,675	86.
87. Futures contracts	(60,723)	23,940,952
88.89. NET GAIN (LOSS)	90.	36,813,334
91.92. NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	93.	\$ 67,417,892

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

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<C>

YEARS ENDED DECEMBER 31,

<C>

1993

1992

94. INCREASE (DECREASE) IN NET ASSETS		
95. Operations	\$ 30,604,558	\$ 26,672,483
Net interest income		
96. Net realized gain (loss) on investments	12,872,382	2,051,934
97. Change in net unrealized appreciation (depreciation) on investments	23,940,952	9,454,729
98. 99. NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	67,417,892	38,179,146
100. Distributions to shareholders from: Net interest income	(30,604,558)	(26,672,483)
101. Net realized gain	(10,681,220)	(779,296)
102. Share transactions Net proceeds from sales of shares	223,810,116	183,778,511
103. Reinvestment of distributions from: Net interest income	23,680,481	20,376,627
104. Net realized gain	8,673,183	624,639
105. Cost of shares redeemed	(182,619,793)	(130,866,137)
106. Net increase (decrease) in net assets resulting from share transactions	73,543,987	73,913,640
107.	99,676,101	84,641,007
108. TOTAL INCREASE (DECREASE) IN NET ASSETS		
109. NET ASSETS	110.	111.
112. Beginning of period	463,816,266	379,175,259
113. End of period	\$ 563,492,367	\$ 463,816,266

114.OTHER INFORMATION	116.	117.
115.Shares		
118. Sold	18,029,885	15,942,738
119. Issued in reinvestment of distributions from: Net interest income	1,932,855	1,766,537
120. Net realized gain	706,861	53,617
121. Redeemed	(14,614,309)	(11,371,376)
122. Net increase (decrease)	6,055,292	6,391,516

</TABLE>

FINANCIAL HIGHLIGHTS

<TABLE>

<CAPTION>

<S>

	<C>	<C>	<C>	<C>	<C>
123.	YEARS ENDED DECEMBER 31,				
124.	1993	1992	1991	1990	1989
125.SELECTED PER-SHARE DATA					
126.Net asset value, beginning of period	\$ 11.710	\$ 11.410	\$ 10.890	\$ 11.100	\$ 10.790
127.Income from Invest ment Operations Net interest income	.709	.733	.745	.758	.759
128. Net realized and unrealized gain (loss) on investments	.870	.320	.520	(.210)	.310
129. Total from investme nt operations	1.579	1.053	1.265	.548	1.069
130.Less Distributions From net interest income	(.709)	(.733)	(.745)	(.758)	(.759)
131. From net realized g ain on investments	(.240)	(.020)	-	-	-
132. Total distributions	(.949)	(.753)	(.745)	(.758)	(.759)
133.Net asset value, end of period	\$ 12.340	\$ 11.710	\$ 11.410	\$ 10.890	\$ 11.100
134.TOTAL RETURN	13.83%	9.54%	12.04%	5.15%	10.21%
135.RATIOS AND SUPPLEMENTAL DATA					
136.Net assets, end of p eriod (000 omitted)	\$ 563,492	\$ 463,816	\$ 379,175	\$ 279,429	\$ 234,350
137.Ratio of expenses to average net assets	.59%	.61%	.62%	.64%	.69%
138.Ratio of net interest i ncome to average net assets	5.79%	6.36%	6.73%	6.98%	6.92%
139.Portfolio turnover rat	33%	15%	12%	18%	19%

</TABLE>

FIDELITY MICHIGAN MUNICIPAL MONEY MARKET PORTFOLIO

PERFORMANCE: THE BOTTOM LINE

To measure a money market fund's performance, you can look at either total return or yield. Total return reflects the change in a fund's share price over a given period and reinvestment of its dividends (or income). Yield measures the income paid by a fund. Since a money market fund tries to maintain a \$1 share price, yield is an important measure of performance. If Fidelity had not reimbursed certain fund expenses during the periods shown, the total returns, dividends and yields would have been lower.

CUMULATIVE TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	LIFE OF FUND
Michigan Municipal Money Market	1.98%	15.57%
Consumer Price Index	2.75%	15.62%
Average All Tax-Free Money Market Fund	1.97%	14.63%

CUMULATIVE TOTAL RETURNS reflect actual performance over a set period - in this case, one year or since the fund started on January 12, 1990. For example, if you invested \$1,000 in a fund that had a 5% return over the past year, you would end up with \$1,050. Comparing the fund's performance to the consumer price index (CPI) helps show how your investment did compared to inflation. To measure how the fund stacked up against its peers, you can compare its return to the average all tax-free money market fund's total return. This average currently reflects the performance of 338 all tax-free money market funds tracked by IBC/Donoghue. (The periods covered by the CPI and IBC/Donoghue numbers are the closest available match to those covered by the fund.)

AVERAGE ANNUAL TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	LIFE OF FUND
Michigan Municipal Money Market	1.98%	3.71%
Consumer Price Index	2.75%	3.69%
Average All Tax-Free Money Market Fund	1.97%	3.52%

AVERAGE ANNUAL TOTAL 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.

YIELDS

<TABLE>

<CAPTION>

<S>	<C> 12/31/92	<C> 3/31/93	<C> 6/30/93	<C> 9/30/93	<C> 12/31/93
Michigan Municipal Money Market	2.95%	2.05%	1.74%	2.27%	2.31%
Average All Tax-Free Money Market Fund	2.71%	2.00%	1.83%	2.20%	2.16%
Michigan Tax-Free Money Market Tax-equivalent	4.83%	3.36%	2.85%	3.72%	3.78%

Average All Taxable	2.86%	2.66%	2.63%	2.65%	2.72%
Money Market Fund					

</TABLE>

Row: 1, Col: 1, Value: 2.95
Row: 1, Col: 2, Value: 2.71
Row: 2, Col: 1, Value: 2.05
Row: 2, Col: 2, Value: 2.0
Row: 3, Col: 1, Value: 1.74
Row: 3, Col: 2, Value: 1.83
Row: 4, Col: 1, Value: 2.27
Row: 4, Col: 2, Value: 2.2
Row: 5, Col: 1, Value: 2.31
Row: 5, Col: 2, Value: 2.16

3% -
2% -
1% -
0%

Michigan Municipal
Money Market
Average All
Tax-Free Money
Market Fund

YIELD refers to the income paid by the fund over a given period. Yields for money market funds are usually for seven-day periods, expressed as annual percentage rates. A yield that assumes income earned is reinvested or compounded is called an effective yield. The chart above shows the fund's current seven-day yield at quarterly intervals over the past year. You can compare these yields to the average all tax-free money market fund. Or you can look at the fund's tax-equivalent yield, which is based on a combined effective 1993 federal and Michigan state income tax rate of 38.94%. The tax-equivalent figures are useful in seeing how the fund stacked up against the average taxable money market fund as tracked by IBC/Donoghue.

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

COMPARING PERFORMANCE

Yields on tax-free investments are usually lower than yields on taxable investments. However, a straight comparison between the two may be misleading because it ignores the way taxes reduce taxable returns. Tax-equivalent yield - the yield you'd have to earn on a similar taxable investment to match the tax-free yield - makes the comparison more meaningful. Keep in mind that the U.S. government neither insures nor guarantees a money market fund. And there is no assurance that a money fund will maintain a \$1 share price.
(checkmark)

FIDELITY MICHIGAN MUNICIPAL MONEY MARKET PORTFOLIO

FUND TALK: THE MANAGER'S OVERVIEW

An interview with Scott Orr, Portfolio Manager of Fidelity Michigan Municipal Money Market Portfolio

Q. SCOTT, CAN YOU BRING US UP TO DATE WITH THE SHORT-TERM SIDE OF THE MARKET AS OF THE END OF DECEMBER?

A. Over the past year, the market has been uneventful. The Federal Reserve has kept the federal funds rate at 3% since September 1992, which in turn has kept short-term interest rates low. Fears of inflation bounced rates up slightly last May and again in late October. But neither episode caused me to significantly change the way I managed the fund. Over the last six

months, supply and demand factors had a bigger influence on how I positioned the fund.

Q. CAN YOU EXPLAIN?

A. Sure. Issuance of municipal debt in Michigan - especially by school districts - is seasonal. The fund's average maturity was pretty short over the summer, in the 50-60 day range. That was because of the low supply of longer maturity fixed-rate notes, not because I thought interest rates were going up. Supply increased in the fall as school districts issued debt. Rates on longer-maturity issues were particularly attractive. The fund's average maturity increased to 83 days by the end of October. Later in the year, supply dropped off and the fund's average maturity shortened as a result.

Q. LAST SUMMER, MICHIGAN ABOLISHED PROPERTY TAXES THAT PAY FOR SCHOOLS IN AN EFFORT TO REFORM EDUCATION FUNDING. HAS THIS AFFECTED THE FUND'S INVESTMENT IN SCHOOL DISTRICTS?

A. Not yet. The move doesn't take effect until July 1, 1994. Recently, the governor and the legislature agreed on a new package of other tax increases to replace the more than \$6 billion lost in property tax funding. But voters still have a say on a portion of the package. Obviously, investors in school district debt are very concerned. Because of that concern, I've limited the fund's school debt - about 7.4% of the fund on December 31 - to those investments that mature before July. I'm holding off on buying any more until I'm sure Michigan schools will receive proper funding.

Q. HOW DID THE FUND PERFORM?

A. Total return for the 12 months ended December 31, 1993 was 1.98%, compared to 1.97% for the average all tax-free money market fund tracked by IBC/Donoghue. The fund's seven-day yield on December 31 was 2.31%, compared to 1.74% at the end of June. The latest yield translates into a tax-equivalent yield of 3.78% for investors in the 38.94% combined effective 1993 federal and state tax bracket.

Q. WHAT INFLUENCED PERFORMANCE?

A. One relatively new investing strategy that helped performance was the use of simple derivatives. They combine a long-term municipal bond with a "put," or an option to sell to a third party, typically a bank. The end product is an investment that pays a short-term variable interest rate and can be put on short notice, usually seven days. It acts much like any other variable rate demand note, with one key difference: the yield is slightly higher, a fact that has more to do with the added complexity of these instruments than added risk. Derivatives made up 9.5% of the fund at the end of December.

Q. HOW DO YOU SEE THE NEXT SIX MONTHS SHAPING UP?

A. The economy is continuing to show signs of strength. I wouldn't be surprised if, sometime in the next few months, the Fed decides there's a real threat of rising inflation and moves to tighten the money supply by raising the federal funds rate. As the likelihood of tightening increases, I might position the fund to take advantage of rising rates by shortening its average maturity.

FUND FACTS

GOAL: tax-free income and stability by investing in high-quality, short-term, Michigan municipal securities
START DATE: January 12, 1990
SIZE: as of December 31, 1993, over \$175 million
MANAGER: Scott Orr, since January 1992; manager, Fidelity Connecticut Municipal Money Market and Spartan Connecticut Money Market funds, since October 1993; Fidelity New Jersey Tax-Free Money Market and Spartan New Jersey Money Market funds, since January 1992
(checkmark)

WORDS TO KNOW

COMMERCIAL PAPER: A security issued by a municipality to finance capital or operating needs.

FEDERAL FUNDS RATE: The interest

rate banks charge each other for overnight loans.

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

MUNICIPAL NOTE: A security issued in advance of future tax or other revenues and payable from those specific sources.

TENDER BOND: A variable-rate, long-term security that gives the bond holder the option to redeem the bond at face value before maturity.

VARIABLE RATE DEMAND NOTE (VRDN): A tender bond that can be redeemed on short notice, typically one or seven days. VRDNs are useful in managing the fund's average maturity and liquidity.

FIDELITY MICHIGAN MUNICIPAL MONEY MARKET PORTFOLIO

INVESTMENT CHANGES

MATURITY DIVERSIFICATION

DAYS	% OF FUND ASSETS		
	12/31/93	6/30/93	12/31/92
0 - 30	59	68	58
31 - 90	9	8	11
91 - 180	20	9	25
181 - 397	12	15	6

WEIGHTED AVERAGE MATURITY

	12/31/93	6/30/93	12/31/92
Michigan Municipal Money Market Portfolio	57 days	62 days	49 days
Average All Tax-Free Money Market Fund*	62 days	55 days	59 days

ASSET ALLOCATION

AS OF 12/31/93 AS OF 6/30/93

Row: 1, Col: 1, Value: 51.0
 Row: 1, Col: 2, Value: 16.0
 Row: 1, Col: 3, Value: 4.0
 Row: 1, Col: 4, Value: 19.0
 Row: 1, Col: 5, Value: 10.0
 Row: 1, Col: 1, Value: 57.0
 Row: 1, Col: 2, Value: 17.0
 Row: 1, Col: 3, Value: 4.0
 Row: 1, Col: 4, Value: 15.0

Row: 1, Col: 5, Value: 7.0

Variable rate
demand notes
(VRDNs) 51%
Commercial
paper 16%
Tender bonds 4%
Municipal
notes 19%
Other 10%
Variable rate
demand notes
(VRDNs) 57%
Commercial
paper 17%
Tender bonds 4%
Municipal
notes 15%
Other 7%

* SOURCE: IBC/DONOGHUE'S MONEY FUND REPORT(Registered trademark)
FIDELITY MICHIGAN MUNICIPAL MONEY MARKET PORTFOLIO

INVESTMENTS/DECEMBER 31, 1993
(Showing Percentage of Total Value of Investments)

MUNICIPAL SECURITIES (A) - 100%

PRINCIPAL VALUE

AMOUNT (NOTE 1)

MICHIGAN - 91.1%

Bruce Township Hosp. Fin. Auth. Sisters of Charity Health Care
Sys. Rev. (St. Joseph Hosp. Ctr. Proj.) 2.65% 5/1/94,
(MBIA Insured) SBPA Morgan Guaranty, OT \$ 2,225,000 \$ 2,225,000 116721AA
Detroit Convention Facs. Rev. (Cobo Hall
Expansion Proj.) 9% 9/30/94 2,885,000 3,100,230 251131AQ
Detroit Gen. Oblig. Ltd. Tax Notes Series 1993, 3% 7/1/94,
LOC Comerica Bank 4,500,000 4,506,556 251093JA
Flint Econ. Dev. Corp. Ltd. Oblig. Rev. (Genessee Co.
Real Estate Proj.), 3.25%, LOC National Bank of
Detroit, VRDN (b) 1,300,000 1,300,000 339448AA
Grand Rapids Ind. Dev. Rev. (Rowe Int'l.) 3.55%,
LOC Marine Midland Bank, VRDN 3,000,000 3,000,000 386251AY
Kalamazoo Econ. Dev. Corp. Rev. Rfdg. (La Quinta Motor
Inns) Series 1991, 3.35%, LOC NationsBank, VRDN 2,340,000 2,340,000
483228BF
Livonia Econ. Dev. Corp. (Ajluni Proj.), 3%,
LOC National Bank of Detroit, VRDN (b) 2,400,000 2,400,000 539213AH
Michigan Bldg. Auth. Rev.:
(Univ. of Michigan Flint Classroom/Lab Bldg.)
Series 1987 I, 5.20% 3/1/94, (BIG Insured) 750,000 753,088 594613SH
Partnership Ctfs. Series PA-33, 3.25%,
(Liquidity Enhancement Merrill Lynch) (c) 8,860,000 8,860,000 5946137N
Michigan Custodial Receipts Series 1991 A-26, 3.30%,
(Liquidity Enhancement Sakura Bank, Ltd.),
LOC Sumitomo Bank (c) 1,750,000 1,750,000 55377EAU
Michigan Higher Ed. Facs. Auth. Rev. 3.40%, (MBIA
Insured), VRDN 200,000 200,000 594519AY
Michigan Higher Ed. Student Loan Auth. Rev.: (b)
Rfdg., Series XII-B, 3.30%, (AMBAC Insured)
SBPA Mitsubishi Bank, VRDN (b) 7,900,000 7,900,000 594520CA
Series XII-D, 3.30%, (AMBAC Insured)
SBPA Fuji Bank, VRDN (b) 5,000,000 5,000,000 594520CR
Michigan Hosp. Fin. Auth. Hosp. Equip. Loan Prog.
Series A, 2.90%, LOC First of America Bank, VRDN 9,000,000 9,000,000
59465CX9
Michigan Hosp. Fin. Auth. Hosp. Rev. Rfdg. (Sisters of Mercy
Health Corp.) Series 1993 P, 2.95% 8/15/94 3,430,000 3,430,000 59465CV3
Michigan Hosp. Fin. Auth. Rev. Bonds
(Detroit-Macomb Hosp. Corp.) 11.25% 6/1/94 5,640,000 5,948,239 594648G8
Michigan Hsg. Dev. Auth. Multi-Family Hsg. Rev.
Series 1988 A, VT: (b)
2.55% 1/25/94, LOC Sanwa Bank 2,150,000 2,150,000 598995CM
2.60% 2/11/94, LOC Sanwa Bank 1,550,000 1,550,000 598995CL
2.65% 2/17/94, LOC Sanwa Bank 2,700,000 2,700,000 598995CE
2.65% 2/24/94, LOC Sanwa Bank 1,000,000 1,000,000 598995CK

MUNICIPAL SECURITIES (A) - CONTINUED

PRINCIPAL VALUE

AMOUNT (NOTE 1)

MICHIGAN - CONTINUED

Michigan Muni. Bond Auth. Rev. TAN:

Series 1993 B-16, 3% 5/5/94, LOC Comerica Bank \$ 300,000 \$ 300,167
594553R8Series 1993 B-18, 3% 5/5/94, LOC Comerica Bank 700,000 700,390
594553S2

Michigan Pub. Pwr. Agcy. Rfdg. Rev. (Belle River Proj.)

Series A, 2.75% 1/1/94 1,000,000 1,000,000 595996GH

Michigan Strategic Fund (Dow Chemical Proj.), VT:

Series 1987, 2.35% 2/10/94 1,500,000 1,500,000 594991KP

Series 1988: (b)

2.70% 1/13/94 2,490,000 2,490,000 594991KN

2.65% 2/16/94 7,900,000 7,900,000 594991KK

Michigan Strategic Fund Econ. Dev. Rev. (Yamaha Musical

Prod., Inc. Proj.) Series 1988, 3.60%,

LOC Dai-Ichi Kangyo Bank, VRDN (b) 5,900,000 5,900,000 59469HAA

Michigan Strategic Fund Ltd. Oblig. Rev., VRDN: (b)

(Alpha Tech Corp. Proj.) Series 1987, 3.35%,

LOC Bank of Tokyo 6,000,000 6,000,000 5946929A

(Donnelly Corp. Proj.) Series 1990 A, 3.25%,

LOC Bank of Tokyo 3,500,000 3,500,000 594692XH

(Hi Tech Mold & Engineering) Series 1991, 3.25%,

LOC Nat'l. Bank of Detroit 1,800,000 1,800,000 594692S9

(Michigan Sugar Co. - Carrollton) 3.25%,

LOC Trust Company Bank of Georgia 6,000,000 6,000,000 5946924F

(Ultimate Hydroforming Inc. Proj.), 3.25%,

LOC Nat'l Bank of Detroit 1,400,000 1,400,000 594692YX

Michigan Strategic Fund Solid Waste Disp. Rev.: (b)

(Grayling Gen. Station Proj.) Series 1990, 3.40%,

LOC Barclays Bank, VRDN 2,400,000 2,400,000 59469WAE

(S. D. Warren Co. Proj.), VT:

Series 1987 A, 2.25% 1/12/94,

LOC Sumitomo Bank 1,000,000 1,000,000 595996GH

Series 1987 B, 2.65% 1/14/94,

LOC Sumitomo Bank 2,250,000 2,250,000 595996GF

Series 1987 C, 2.25% 1/12/94,

LOC Sumitomo Bank 1,200,000 1,200,000 595996GG

Series 1987 C, 2.65% 1/18/94,

LOC Sumitomo Bank 2,000,000 2,000,000 595996GE

Series 1987 C, 2.65% 1/19/94,

LOC Sumitomo Bank 2,000,000 2,000,000 595996GD

Michigan Univ. Regents Mich. Hosp. Rev Series 1992 A,

4.50%, VRDN 700,000 700,000 914454Z8

Monroe County Econ. Dev. Corp. Rev. Rfdg.

(Detroit Edison Proj.) Series 1992 CC, 4.40%,

LOC Barclays Bank, VRDN 1,000,000 1,000,000 610647BM

Monroe Pub. School Dist. TAN 2.90% 4/1/94 11,000,000 11,004,761

611118CW

Northville School Dist. TAN 2.85% 4/5/94 2,700,000 2,701,356 667230MS

MUNICIPAL SECURITIES (A) - CONTINUED

PRINCIPAL VALUE

AMOUNT (NOTE 1)

MICHIGAN - CONTINUED

Rochester Hills Econ. Dev. Corp. Ltd. Oblig. Rev.

(Cardell Corp.) 3.50%, LOC Comerica Bank,

VRDN (b) \$ 300,000 \$ 300,000 771381AC

Royal Oak City School Dist. Limited Tax TAN 2.75%

4/1/94 7,000,000 7,000,000 780427HV

Saline Econ. Dev. Corp. Rev. (Associated Springs Proj.)

Series 1988, 3.50%, LOC Fuji Bank, VRDN (b) 5,000,000 5,000,000

795208AA

Southfield Econ. Dev. Corp. Rev. (Radnor/Southfield Ltd.

Partner) Series 1985, 3.275%, LOC Bankers Trust,

VRDN 4,000,000 4,000,000 8442069A

Sterling Heights Econ. Dev. Corp. Ltd. Oblig. Rev.

(Cherrywood Ctr. Assoc. Proj.) 3.50%,

LOC Comerica Bank, VRDN (b) 5,300,000 5,300,000 859330AA

St. Clair County Econ. Dev. Corp. Poll. Cont. Rev. Partnership

Ctfs. (Detroit Edison Proj.), 3.20%,

(Liquidity Enhancement Merrill Lynch) (c) 6,200,000 6,200,000 788684AD

Troy School Dist. Rfdg. Rev. Series 1993 A, 2.65% 5/1/94,

(AMBAC Insured) 1,000,000 1,000,000 897404KR

162,659,787
 PUERTO RICO - 8.9 %
 Puerto Rico Commonwealth TRAN Series A, 3% 7/29/94 11,300,000 11,317,26
 745144VX2
 Puerto Rico Hsg. Fin. Corp. Single Family Mtg. Rev.,
 Portfolio Two, Series F, 4.60% 4/15/94, MT 4,500,000 4,524,502 74527TDA
 15,841,764

TOTAL INVESTMENTS - 100% \$ 178,501,551

Total Cost for Income Tax Purposes \$ 178,501,551

SECURITY TYPE ABBREVIATIONS

BAN - Bond Anticipation Notes
 CP - Commercial Paper
 FRDN - Floating Rate Demand Notes
 MT - Mandatory Tender
 OT - Optional Tender
 RAN - Revenue Anticipation Notes
 TAN - Tax Anticipation Notes
 TRAN - Tax & Revenue Anticipation Notes
 VRDN - Variable Rate Demand Notes
 VT - Variable Tender

LEGEND

(a) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.
 (b) Private activity obligations whose interest is subject to the federal alternative minimum tax for individuals (AMT securities).
 (c) Provides evidence of ownership in an underlying pool of municipal bonds.

INCOME TAX INFORMATION

At December 31, 1993, the fund had a capital loss carryforward of approximately \$13,600 of which \$1,600, \$1,700, and \$10,300 will expire on December 31, 1998, 1999, and 2001, respectively.

FIDELITY MICHIGAN MUNICIPAL MONEY MARKET PORTFOLIO

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE> <CAPTION> <S>	<C>	<C>
DECEMBER 31, 1993		
140.ASSETS	141.	142.
143.Investment in securities, at value (Note 1) - See accompanying schedule	144.	\$ 178,501,551
145.Cash	146.	530,926
147.Interest receivable	148.	986,295
149. 150.TOTAL ASSETS	151.	180,018,772
152.LIABILITIES	153.	154.
155.Payable for investments purchased	\$ 4,710,090	156.
157.Dividends payable	12,797	158.
159.Accrued management fee	59,270	160.
161.Other payables and accrued expenses	46,564	162.
163. 164.TOTAL LIABILITIES	165.	4,828,721
166.167.NET ASSETS	168.	\$ 175,190,051
169.Net Assets consist of:	170.	171.

172.Paid in capital	173.	\$ 175,203,622
174.Accumulated net realized gain (loss) on investments	175.	(13,571)
176.177.NET ASSETS, for 175,203,622 shares outstanding	178.	\$ 175,190,051
179.180.NET ASSET VALUE, offering price and redemption price per share (\$175,190,051 (divided by) 175,203,622 shares)	181.	\$1.00

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>

<CAPTION>

<S>

YEAR ENDED DECEMBER 31, 1993

	<C>	<C>
182.183.INTEREST INCOME	184.	\$ 4,160,443
185.EXPENSES	186.	187.
188.Management fee (Note 4)	\$ 670,133	189.
190.Transfer agent, accounting and custodian fees and expenses (Note 4)	303,537	191.
192.Non-interested trustees' compensation	2,210	193.
194.Registration fees	1,324	195.
196.Audit	16,493	197.
198.Legal	4,284	199.
200.Miscellaneous	2,034	201.
202. Total expenses before reductions	1,000,015	203.
204. Expense reductions (Note 5)	(3,437)	996,578
205.206.NET INTEREST INCOME	207.	3,163,865
208.209.NET REALIZED GAIN (LOSS) ON INVESTMENTS (NOTE 1)	210.	(10,242)
211.212.NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	213.	\$ 3,153,623

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

<S>

	<C>	<C>
	YEARS ENDED DECEMBER 31,	
	1993	1992
214.INCREASE (DECREASE) IN NET ASSETS		
215.Operations	\$ 3,163,865	\$ 4,489,746
Net interest income		
216. Net realized gain (loss) on investments	(10,242)	1,582
217.	3,153,623	4,491,328
218.NET INCREASE (DECREASE) IN NET ASSETS		

RESULTING FROM
OPERATIONS

219.Dividends to shareholders from net interest income	(3,163,865)	(4,489,746)
220.Share transactions at net asset value of \$1.00 per share Proceeds from sales of shares	305,331,423	256,205,217
221. Reinvestment of dividends from net interest income	2,958,037	4,160,244
222. Cost of shares redeemed	(293,906,431)	(274,699,600)
223. Net increase (decrease) in net assets and shares resulting from share transactions	14,383,029	(14,334,139)
224.	14,372,787	(14,332,557)
225.TOTAL INCREASE (DECREASE) IN NET ASSETS		
226.NET ASSETS	227.	228.
229. Beginning of period	160,817,264	175,149,821
230. End of period	\$ 175,190,051	\$ 160,817,264

</TABLE>

FINANCIAL HIGHLIGHTS

<TABLE> <CAPTION> <S>	<C>	<C>	<C>	<C>
231.	YEARS ENDED DECEMBER 31,			JANUARY 12, 1990 (COMMENCEMENT OF OPERATIONS) TO DECEMBER 31,

232.	1993	1992	1991	1990
233.SELECTED PER-SHARE DATA				
234.Net asset value, beginning of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
235.Income from Investment Operations Net interest income	.020	.026	.044	.055
236. Dividends from net interest income	(.020)	(.026)	(.044)	(.055)
237.Net asset value, end of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
238.TOTAL RETURN (DAGGER)	1.98%	2.66%	4.46%	5.66%
239.RATIOS AND SUPPLEMENTAL DATA				
240.Net assets, end of period (000 omitted)	\$ 175,190	\$ 160,817	\$ 175,150	\$ 169,397
241.Ratio of expenses to average net assets (DAGGER) (DAGGER)	.62%	.49%	.21%	.22%*
242.Ratio of expenses to average net assets before expense	.62%	.61%	.65%	.77%*

reductions (DAGGER) (DAGGER)

243.Ratio of net interest income to average net assets	1.96%	2.64%	4.38%	5.78%*
--	-------	-------	-------	--------

</TABLE>

* ANNUALIZED

(DAGGER) TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

(DAGGER) (DAGGER) SEE NOTE 5 OF NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS

for the period ended December 31, 1993

1. SIGNIFICANT ACCOUNTING

POLICIES.

Fidelity Michigan Tax-Free High Yield Portfolio (the high yield fund) is a fund of Fidelity Municipal Trust. Fidelity Michigan Municipal Money Market Portfolio (the money market fund) is a fund of Fidelity Municipal Trust II. Each trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company. Fidelity Municipal Trust and Fidelity Municipal Trust II (the trusts) are organized as a Massachusetts business trust and a Delaware business trust, respectively. Each fund is authorized to issue an unlimited number of shares. The following summarizes the significant accounting policies of the money market fund and the high yield fund:

SECURITY VALUATION.

HIGH YIELD FUND. Securities are valued based upon a computerized matrix system and/or appraisals by a pricing service, both of which consider market transactions and dealer-supplied valuations. Short-term securities maturing within sixty days are valued either at amortized cost or original cost plus accrued interest, both of which approximate current value. Securities for which quotations are not readily available through the pricing service are valued at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Board of Trustees.

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

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

INTEREST INCOME. Interest income, which includes amortization of premium and accretion of original issue discount, is accrued as earned. For the money market fund, accretion of market discount represents unrealized gain until realized at the time of a security disposition or maturity.

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

DISTRIBUTIONS TO SHAREHOLDERS. Dividends are declared daily and paid monthly from net interest income. Distributions to shareholders from realized capital gains on investments, if any, 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 are primarily due to differing treatments for losses deferred due to wash sales and futures and options transactions.

1. SIGNIFICANT ACCOUNTING

POLICIES - CONTINUED

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

CHANGE IN ACCOUNTING FOR DISTRIBUTIONS TO SHAREHOLDERS. Effective January 1, 1993, the funds adopted Statement of Position 93-2: Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies. As a result, the funds changed the classification of distributions to shareholders to better disclose the differences between financial statement amounts and distributions determined in accordance with income tax regulations. Accordingly, amounts as of December 31, 1992 have been restated as follows:

HIGH YIELD FUND. Paid in capital and accumulated net realized loss on investments decreased by \$24,652.

MONEY MARKET FUND. No adjustments were necessary.

2. OPERATING POLICIES.

FUTURES CONTRACTS AND OPTIONS. The high yield fund may invest in futures contracts and write options. These investments involve, to varying degrees, elements of market risk and risks in excess of the amount recognized in the Statement of Assets and Liabilities. The face or contract amounts reflect the extent of the involvement the high yield fund has in the particular classes of instruments. Risks may be caused by an imperfect correlation between movements in the price of the instruments and the price of the underlying securities and interest rates. Risks also may arise if there is an illiquid secondary market for the instruments, or due to the inability of counterparties to perform.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. Options traded on an exchange are valued using the last sale price or, in the absence of a sale, the last offering price. Options traded over-the-counter are valued using dealer-supplied valuations.

3. PURCHASES AND SALES OF INVESTMENTS.

HIGH YIELD FUND. Purchases and sales of securities, other than short-term securities, aggregated \$229,775,566 and \$164,852,618, respectively. The market value of futures contracts opened and closed amounted to \$370,705,237 and \$378,537,201, respectively.

4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE. As each fund's investment adviser, Fidelity Management & Research Company (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 each fund. The group fee rate is the weighted average of a series of rates ranging from .15% to .37% and is based on the monthly average net assets of all the mutual funds advised by FMR. The annual individual fund fee rate is .25%. For the period, the management fees were equivalent to annualized rates of .42% of average net assets for both the high yield and money market funds.

4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES - CONTINUED

The Board of Trustees approved a new group fee rate schedule with rates ranging from .1325% to .37%. Effective November 1, 1993, FMR has voluntarily agreed to implement this new group fee rate schedule as it results in the same or a lower management fee.

On December 15, 1993, the shareholders of the high yield fund voted to approve a proposal to amend the management contract. The new management fee will reflect the new group fee rate schedule.

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

DISTRIBUTION AND SERVICE PLAN. Pursuant to the Distribution and Service Plans (the Plans), and in accordance with Rule 12b-1 of the Act, FMR or the funds' distributor, Fidelity Distributors Corporation (FDC), an affiliate of FMR, may use their resources to pay administrative and promotional expenses related to the sale of each fund's shares. Subject to the approval of each Board of Trustees, the Plans also authorize payments to third parties that assist in the sale of each fund's shares or render shareholder support services. FMR or FDC has informed the funds that payments made to third parties under the Plans amounted to \$28,862 and \$20,701 for the high yield and the money market funds, respectively, for the period.

TRANSFER AGENT AND ACCOUNTING FEES. United Missouri Bank, N.A. (the Bank) is the custodian and transfer and shareholder servicing agent for the funds. The Bank has entered into sub-contracts with Fidelity Service Co. (FSC), an affiliate of FMR, under which FSC performs the activities associated with the funds' transfer and shareholder servicing agent and accounting functions. The funds pay transfer agent fees based on the type, size, number of accounts and number of transactions made by shareholders. FSC pays for typesetting, printing and mailing of all shareholder reports, except proxy statements. The accounting fee is based on the level of average net assets for the month plus out-of-pocket expenses. For the period, FSC received transfer agent and accounting fees amounting to \$578,539 and \$230,745 for the high yield fund and \$254,135 and \$33,742 for the money market fund, respectively.

Shareholders participating in the Fidelity Ultra Service Account Program (the Program) pay a \$5.00 monthly fee to Fidelity Brokerage Services, Inc. (FBSI), an affiliate of FMR, for performing services associated with the

Program. For the period, fees paid to FBSI by shareholders participating in the Program amounted to \$5,940.

5. EXPENSE REDUCTIONS.

FMR has voluntarily agreed to reimburse the money market fund for total operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) above an annual rate of .60% of average net assets from January 1, 1993 through January 31, 1993. For the period the reimbursement amounted to \$3,437.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees of Fidelity Municipal Trust and Fidelity Municipal Trust II and the Shareholders of Fidelity Michigan Tax-Free High Yield Portfolio and Fidelity Michigan Municipal Money Market Portfolio:

We have audited the accompanying statements of assets and liabilities of Fidelity Michigan Tax-Free High Yield Portfolio, a portfolio of Fidelity Municipal Trust, and Fidelity Michigan Municipal Money Market Portfolio, a portfolio of Fidelity Municipal Trust II including the schedules of portfolio investments, as of December 31, 1993, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended for the Fidelity Michigan Tax-Free High Yield Portfolio, and the financial highlights for each of the three years in the period then ended and for the period January 12, 1990 (commencement of operations) to December 31, 1990 for the Fidelity Michigan Municipal Money Market Portfolio. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 1993 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Fidelity Michigan Tax-Free High Yield Portfolio and Fidelity Michigan Municipal Money Market Portfolio as of December 31, 1993, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended for the Fidelity Michigan Tax-Free High Yield Portfolio, and the financial highlights for each of the three years in the period then ended and for the period January 12, 1990 (commencement of operations) to December 31, 1990 for the Fidelity Michigan Municipal Money Market Portfolio, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND

Boston, Massachusetts

January 28, 1994

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