

SECURITIES AND EXCHANGE COMMISSION

FORM N-30B-2

Periodic and interim reports mailed to investment company shareholders (other than annual and semi-annual reports mailed to shareholders pursuant to Rule 30e-1)

Filing Date: **1994-02-10** | Period of Report: **1993-12-31**  
SEC Accession No. **0000035373-94-000003**

([HTML Version](#) on [secdatabase.com](#))

FILER

**FIDELITY MUNICIPAL TRUST**

CIK: **35373** | IRS No.: **04259928** | State of Incorporation: **MD** | Fiscal Year End: **1231**  
Type: **N-30B-2** | Act: **40** | File No.: **811-02628** | Film No.: **94505938**

Mailing Address  
82 DEVONSHIRE STREET  
MAILZONE ZH-1  
BOSTON MA 02109

Business Address  
82 DEVONSHIRE STREET  
MAILZONE ZZ2  
BOSTON MA 02109  
6174391706

FIDELITY

(Registered trademark)  
OHIO  
MUNICIPAL  
PORTFOLIOS

ANNUAL REPORT  
DECEMBER 31, 1993  
CONTENTS

CHECK PAGE NUMBERS !!!

<TABLE>		
<CAPTION>		
<S>	<C>	<C>
PRESIDENT'S MESSAGE	3	Ned Johnson on minimizing taxes.
FIDELITY OHIO MUNICIPAL HIGH YIELD PORTFOLIO		
PERFORMANCE	4	How the fund has done over time.
FUND TALK	7	The manager's review of fund performance, strategy, and outlook.
INVESTMENT CHANGES	10	A summary of major shifts in the fund's investments over the last six months and one year.
INVESTMENTS	11	A complete list of the fund's investments with their market value.
FINANCIAL STATEMENTS	24	Statements of assets and liabilities, operations, and changes in net assets, as well as financial highlights.
FIDELITY OHIO MUNICIPAL MONEY MARKET PORTFOLIO		
PERFORMANCE	28	How the fund has done over time.
FUND TALK	30	The manager's review of fund performance, strategy, and outlook.
INVESTMENT CHANGES	32	A summary of major shifts in the fund's investments over the last six months and one year.
INVESTMENTS	33	A complete list of the fund's investments with their market value.
FINANCIAL STATEMENTS	39	Statements of assets and liabilities, operations, and changes in net assets, as well as financial highlights.
NOTES	43	Footnotes to the financial statements.
REPORT OF INDEPENDENT ACCOUNTANTS	46	The auditor's opinion.
</TABLE>		

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 REPAYED, 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. (Commty.  
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 Commtty.) 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 Baal 340,000 394,400 549305G8  
 6.50% 12/1/10 Baal 340,000 396,525 549305G9  
 6.50% 12/1/11 Baal 340,000 396,100 549305H2  
 6.50% 12/1/12 Baal 340,000 398,225 549305H3

Lucas County Hosp. Rev. Rfdg.:

(Riverside Hosp. Proj.) 7.625% 6/1/15 Baal 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 Comnty. 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 Baal 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 677555AB

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.	73,010,973	57,093,813
106.TOTAL INCREASE (DECREASE) IN NET ASSETS		
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		
116. Sold	13,275,725	13,271,507
117. Issued in reinvestment of distributions from: Net interest income	1,624,371	1,544,224
118. Net realized gain	628,331	-
119. Redeemed	(10,764,781)	(10,447,598)
120. Net increase (decrease)	4,763,646	4,368,133

</TABLE>

FINANCIAL HIGHLIGHTS

<TABLE>

<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>
121.	YEARS ENDED DECEMBER 31,				
122.	1993	1992	1991	1990	1989
123.SELECTED PER-SHARE DATA					
124.Net asset value, beginning of period	\$ 11.550	\$ 11.320	\$ 10.840	\$ 10.790	\$ 10.500
125.Income from Inve stment Operations Net interest income	.693	.718	.719	.726	.725
126. Net realized and unrealized gain (loss) on investments	.720	.230	.480	.050	.290
127. Total from invest ment operations	1.413	.948	1.199	.776	1.015
128.Less Distributions From net interest income	(.693)	(.718)	(.719)	(.726)	(.725)
129. From net realize d gain on investments	(.250)	-	-	-	-
130. Total distribution s	(.943)	(.718)	(.719)	(.726)	(.725)
131.Net asset value, end of period	\$ 12.020	\$ 11.550	\$ 11.320	\$ 10.840	\$ 10.790
132.TOTAL RETURN	12.56 %	8.66 %	11.45 %	7.50 %	9.99 %
133.RATIOS AND SUPPLEMENTAL DATA					
134.Net assets, end o f period (000 omitted)	\$ 457,872	\$ 384,861	\$ 327,767	\$ 241,616	\$ 200,941
135.Ratio of expenses to average net assets	.57 %	.61 %	.64 %	.66 %	.71 %
136.Ratio of net intere st income to average net assets	5.67 %	6.31 %	6.53 %	6.82 %	6.79 %
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%

</TABLE>

Row: 1, Col: 1, Value: 3.01  
 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 Comnty.) 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 677525KG  
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 Proceeds from sales of shares	376,255,537	319,616,154
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. Net increase (decrease) in net assets and shares resulting from share transactions	(7,878,874)	22,371,215
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
230.					
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 intere st 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) (PHONE\_GRAPHIC)  
(PHONE\_GRAPHIC) MUTUAL FUND QUOTES\*  
1-800-544-8544

Just make a selection from this record-ed menu:

PRESS

For quotes on funds you own.

1.  
For an individual fund quote.

2.  
For the ten most frequently requested Fidelity fund quotes.

3.  
For quotes on Fidelity Select Portfolios. (Registered trademark)

4.  
To change your Personal Identification Number (PIN).

5.  
To speak with a Fidelity representative.

6.  
(PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC)  
(PHONE\_GRAPHIC) MUTUAL FUND ACCOUNT

BALANCES 1-800-544-7544

Just make a selection from this record-ed menu:

PRESS

For balances on funds you own.

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

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

3.  
To speak with a Fidelity representative.

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

Fidelity Management & Research  
Company  
Boston, MA



FIDELITY MICHIGAN TAX-FREE  
HIGH YIELD PORTFOLIO

PERFORMANCE	4	How the fund has done over time.
FUND TALK	7	The manager's review of fund performance, strategy, and outlook.
INVESTMENT CHANGES	10	A summary of major shifts in the fund's investments over the last six months and one year.
INVESTMENTS	11	A complete list of the fund's investments with their market value.
FINANCIAL STATEMENTS	22	Statements of assets and liabilities, operations, and changes in net assets, as well as financial highlights.

FIDELITY MICHIGAN MUNICIPAL  
MONEY MARKET PORTFOLIO

PERFORMANCE	26	How the fund has done over time.
FUND TALK	28	The manager's review of fund performance, strategy, and outlook.
INVESTMENT CHANGES	30	A summary of major shifts in the fund's investments over the last six months and one year.
INVESTMENTS	31	A complete list of the fund's investments with their market value.
FINANCIAL STATEMENTS	35	Statements of assets and liabilities, operations, and changes in net assets, as well as financial highlights.
NOTES	39	Footnotes to the financial statements.
REPORT OF INDEPENDENT ACCOUNTANTS	42	The auditor's opinion.

</TABLE>

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 REPAYED, 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 Comnty. 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 Comnty. 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 594692AZ  
 (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 Baal 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 Baal 1,000,000 1,165,000 745268GZ  
Series P, 7% 7/1/21 Baal 1,750,000 1,977,500 745268LL  
Series R, 6.25% 7/1/17 Baal 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>

<S>

<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	(.240)	(.020)	-	-	-

on investments					
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 e	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 Money Market Fund	2.86%	2.66%	2.63%	2.65%	2.72%

</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	% OF FUND ASSETS 6/30/93	% OF FUND ASSETS 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  
594553R8  
Series 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>

<C>

<C>

YEAR ENDED DECEMBER 31, 1993

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> YEARS ENDED DECEMBER 31, 1993	<C> 1992
214.INCREASE (DECREASE) IN NET ASSETS		
215.Operations Net interest income	\$ 3,163,865	\$ 4,489,746
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> YEARS ENDED DECEMBER 31, 1993	<C> 1992	<C> 1991	<C> 1990
231.				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	\$ 175,190	\$ 160,817	\$ 175,150	\$ 169,397
(000 omitted)				
241.Ratio of expenses to average net assets (dagger) (dagger)	.62%	.49%	.21%	.22%*
242.Ratio of expenses to average net assets before expense reductions (dagger) (dagger)	.62%	.61%	.65%	.77%*
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  
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) (PHONE\_GRAPHIC)

(PHONE\_GRAPHIC) MUTUAL FUND QUOTES\*

1-800-544-8544

Just make a selection from this record-ed menu:

PRESS

For quotes on funds you own.

1. For an individual fund quote.

2. For the ten most frequently requested Fidelity fund quotes.

3. For quotes on Fidelity Select Portfolios. (Registered trademark)

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

5. To speak with a Fidelity representative.

6. (PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC)

(PHONE\_GRAPHIC) MUTUAL FUND ACCOUNT

BALANCES 1-800-544-7544

Just make a selection from this record-ed menu:

PRESS

For balances on funds you own.

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

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

3. To speak with a Fidelity representative.

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

PROSPECTUS. READ IT CAREFULLY BEFORE YOU INVEST OR SEND MONEY.  
INVESTMENT ADVISER

Fidelity Management & Research  
Company

Boston, MA  
SUB-ADVISER  
FMR Texas Inc.  
Irving, TX

OFFICERS

Edward C. Johnson 3d, President  
J. Gary Burkhead, Senior Vice President  
Peter J. Allegrini, Vice President

HIGH YIELD FUND

Thomas D. Maher, Assistant  
Vice President - MONEY MARKET FUND  
Gary L. French, Treasurer  
John H. Costello, Assistant Treasurer  
Arthur S. Loring, Secretary

BOARD OF TRUSTEES

J. Gary Burkhead  
Ralph F. Cox\*  
Phyllis Burke Davis\*  
Richard J. Flynn\*  
Edward C. Johnson 3d  
E. Bradley Jones\*  
Donald J. Kirk\*  
Peter S. Lynch  
Edward H. Malone\*  
Marvin L. Mann\*  
Gerald C. McDonough\*  
Thomas R. Williams\*

GENERAL DISTRIBUTOR

Fidelity Distributors Corporation  
Boston, MA

TRANSFER AND SHAREHOLDER  
SERVICING AGENTS

United Missouri Bank, N.A.  
Kansas City, MO  
and

Fidelity Service Co.  
Boston, MA

CUSTODIAN

United Missouri Bank, N.A.  
Kansas City, MO

THE FIDELITY

TELEPHONE CONNECTION

MUTUAL FUND 24-HOUR SERVICE

Account Balances 1-800-544-7544  
Exchanges/Redemptions 1-800-544-7777  
Mutual Fund Quotes 1-800-544-8544  
Account Assistance 1-800-544-6666  
Product Information 1-800-544-8888  
Retirement Accounts 1-800-544-4774 (8 a.m. - 9 p.m.)  
TDD Service 1-800-544-0111  
for the deaf and hearing impaired  
(9 a.m. - 9 p.m. Eastern time)

\* INDEPENDENT TRUSTEES

AUTOMATED LINES FOR QUICKEST SERVICE

FIDELITY

(Registered trademark)

MINNESOTA  
TAX-FREE  
PORTFOLIO

ANNUAL REPORT

DECEMBER 31, 1993  
CONTENTS

CHECK PAGE NUMBERS !!!

PRESIDENT'S MESSAGE 3 Ned Johnson on minimizing taxes.

PERFORMANCE	4	How the fund has done over time.
FUND TALK	7	The manager's review of fund performance, strategy, and outlook.
INVESTMENT CHANGES	10	A summary of major shifts in the fund's investments over the last six months and one year.
INVESTMENTS	11	A complete list of the fund's investments with their market value.
FINANCIAL STATEMENTS	19	Statements of assets and liabilities, operations, and changes in net assets, as well as financial highlights.
NOTES	23	Footnotes to the financial statements.
REPORT OF INDEPENDENT ACCOUNTANTS	26	The auditor's opinion.

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

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

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
Minnesota Tax Free	12.42%	53.76%	98.10%
Lehman Brothers Municipal Bond Index	12.29%	62.86%	n/a
Average Minnesota Tax-exempt Municipal Bond Fund	11.76%	55.31%	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 21, 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 Minnesota tax-exempt fund, which reflects the performance of 26 Minnesota 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 period covered by CPI numbers are the closest available to those covered by the fund.)

AVERAGE ANNUAL TOTAL RETURNS

PERIODS ENDED DECEMBER 31, 1993	PAST 1 YEAR	PAST 5 YEARS	LIFE OF FUND
Minnesota Tax Free	12.42%	8.99%	8.79%
Lehman Brothers Municipal Bond Index	12.29%	10.25%	n/a
Average Minnesota Tax-exempt Municipal Bond Fund	11.76%	9.20%	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

Minnesota Tax Free (082)    Lehman Muni Bond Index

11/30/85	10000.00	10000.00
12/31/85	10135.31	10087.90
01/31/86	10595.82	10682.08
02/28/86	10969.26	11105.62
03/31/86	11078.08	11109.18
04/30/86	10981.04	11117.62
05/31/86	10810.83	10936.62
06/30/86	10880.08	11040.96
07/31/86	10965.67	11107.98
08/31/86	11428.87	11605.28
09/30/86	11433.00	11634.41
10/31/86	11734.15	11835.34
11/30/86	11893.81	12069.80
12/31/86	11862.07	12036.48

01/31/87	12110.24	12398.90
02/28/87	12273.22	12459.90
03/31/87	12164.46	12327.83
04/30/87	11162.90	11709.22
05/31/87	11041.26	11651.14
06/30/87	11273.78	11993.22
07/31/87	11449.74	12115.55
08/31/87	11505.32	12142.81
09/30/87	10803.01	11695.10
10/31/87	10927.92	11736.50
11/30/87	11190.18	12042.94
12/31/87	11407.87	12217.69
01/31/88	11893.94	12652.88
02/29/88	12053.86	12786.62
03/31/88	11758.56	12637.66
04/30/88	11828.78	12733.70
05/31/88	11934.90	12696.90
06/30/88	12112.46	12882.66
07/31/88	12171.11	12966.65
08/31/88	12193.84	12978.07
09/30/88	12412.08	13212.97
10/31/88	12695.60	13446.18
11/30/88	12610.15	13323.01
12/31/88	12846.45	13459.30
01/31/89	13021.61	13737.64
02/28/89	12934.78	13580.90
03/31/89	12948.76	13548.44
04/30/89	13279.03	13870.08
05/31/89	13457.37	14158.16
06/30/89	13609.87	14350.43
07/31/89	13711.70	14545.74
08/31/89	13618.38	14403.33
09/30/89	13553.26	14360.12
10/31/89	13744.65	14535.32
11/30/89	13939.72	14789.69
12/31/89	14033.02	14910.96
01/31/90	13936.01	14840.88
02/28/90	14094.12	14972.96
03/31/90	14108.44	14977.46
04/30/90	13927.54	14869.62
05/31/90	14211.07	15193.78
06/30/90	14345.59	15327.48
07/31/90	14591.07	15552.79
08/31/90	14352.96	15327.28
09/30/90	14477.05	15336.48
10/31/90	14656.23	15614.07
11/30/90	14977.46	15927.91
12/31/90	15046.14	15997.99
01/31/91	15172.93	16212.36
02/28/91	15272.21	16353.41
03/31/91	15298.18	16359.95
04/30/91	15483.15	16577.54
05/31/91	15638.53	16725.08
06/30/91	15575.96	16708.36
07/31/91	15778.31	16912.20
08/31/91	15936.69	17135.44
09/30/91	16051.32	17358.20
10/31/91	16106.26	17514.42
11/30/91	16071.58	17563.46
12/31/91	16324.85	17941.08
01/31/92	16396.23	17982.34
02/29/92	16464.72	17987.74
03/31/92	16490.85	17994.93
04/30/92	16607.42	18155.09
05/31/92	16789.84	18369.32
06/30/92	17016.36	18677.92
07/31/92	17435.03	19238.26
08/31/92	17256.55	19049.72
09/30/92	17297.40	19173.55
10/31/92	16974.36	18985.65
11/30/92	17366.89	19325.49
12/31/92	17569.95	19522.61
01/31/93	17837.90	19749.07
02/28/93	18388.52	20463.99
03/31/93	18216.91	20247.07
04/30/93	18387.73	20451.57

05/31/93	18512.97	20566.09
06/30/93	18815.79	20909.55
07/31/93	18839.48	20936.73
08/31/93	19233.58	21372.21
09/30/93	19508.67	21615.86
10/31/93	19533.46	21656.93
11/30/93	19369.54	21466.35
12/31/93	19752.48	21919.29

\$10,000 OVER LIFE OF FUND: Let's say you invested \$10,000 in Fidelity Minnesota Tax Free 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 \$19,752 - a 97.52% 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	6.25%	6.51%	6.79%	6.93%	7.20%
---------------	-------	-------	-------	-------	-------

Change in share price	6.17%	1.12%	1.71%	0.29%	2.04%
-----------------------	-------	-------	-------	-------	-------

Total return	12.42%	7.63%	8.50%	7.22%	9.24%
--------------	--------	-------	-------	-------	-------

Income returns and changes in share price are both part of a bond fund's total return. An income return reflects the dividends paid by the fund, assuming they 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	32.56(cents)	64.68(cents)
Annualized dividend rate	n/a	5.65%	5.74%
Annualized yield	5.08%	n/a	n/a
Tax-equivalent yield	8.67%	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 \$11.43 over the past six months and \$11.27 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 41.44% combined federal and state tax bracket.

##### 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 Steven Harvey, Portfolio Manager of Fidelity Minnesota Tax-Free Portfolio

Q. STEVE, HOW DID THE FUND DO?

A. For the 12 months ended December 31, 1993, the fund had a total return of 12.42%. That beat the average Minnesota tax-free bond fund, which returned 11.76% over the same period, according to Lipper Analytical Services. The difference can be attributed mostly to a longer-than-average duration - a measure of how much a bond's price fluctuates with changes in interest rates.

Q. WHAT CHANGES HAVE YOU MADE IN SINCE TAKING OVER THE FUND OCTOBER?

A. For much of the year, the fund was invested in a fair amount of callable bonds - or bonds that can be redeemed before their scheduled maturities. When interest rates fall - as they have over the past year - some callable bonds tend not to do well because they trade to their shorter call dates. That's because usually, at the first available opportunity, an issuer will call away the bond and refinance the debt at current lower rates. Callable bonds trade like shorter-term bonds and aren't as sensitive - meaning they don't rise as much - as longer term bonds when interest rates fall. So, to lengthen the fund's duration, I sold some callable bonds. At the end of the period, the fund's duration was 8.1 years, up from 6.8 years at the end of June.

Q. WHAT REPLACED THEM?

A. Discount bonds, which trade at less than face value because they carry an interest rate below the current rate for similar bonds. Discount bonds tend to rise more than premium bonds as interest rates fall.

Q. AT THE END OF THE YEAR, THE FUND'S LARGEST SECTOR CONCENTRATION - AT 33.8% OF INVESTMENTS - WAS HEALTH CARE. ARE YOU CONCERNED THAT THESE BONDS MIGHT

BE AFFECTED BY HEALTH-CARE REFORM?

A. Not too much, because Minnesota embraced health-care reform long before it was talked about on a national level. Health-care costs are controlled

in part by reducing hospital stays, increasing outpatient procedures and generally moving from in-patient to out-patient status. That in effect reduces the number of beds occupied in the hospital system. At one point several years ago, the Twin Cities had less than half of all available hospital beds occupied, and so many hospitals merged and pulled beds out of the system. The Twin Cities was also one of the first areas in the country to have a large concentration of HMOs. Because of the presence of managed care, and the heightened awareness among Minnesota employers who made a concerted effort to manage costs, the state generally has managed to keep health-care costs down.

Q. WERE THERE ANY DISAPPOINTMENTS?

A. Housing bonds - which were 12% of the fund's investments at year-end - didn't perform as well as other sectors. That's because they had seen rapid prepayments in principal due to the sharp drop in mortgage rates.

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

A. Better than the national average. Minnesota, even through the recession, showed continued job growth which exceeded the nation as a whole. I pay close attention to employment statistics because more jobs lead to more spending in the state. There has also been an extremely healthy retail sales trend. And the state has a history of conservative fiscal management. In my view, those factors add up to a mostly positive environment for Minnesota'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 in 1994. On the demand side, investors are just now beginning to calculate their tax bills for 1993. And I think that once they've recognized their taxes have risen, many will find tax-free municipal bonds a more attractive investment.

Q. SO WHAT DO YOU THINK INVESTORS CAN EXPECT FOR 1994?

A. Probably more modest returns than they've enjoyed over the past year. It's unlikely that the huge drop in interest rates that occurred in 1993 will repeat itself in 1994. What's probably more likely is that the range of interest rates will be relatively tight. In that kind of market, good investment returns come from selecting the right sector and doing careful research to identify bonds with the potential to improve their credit ratings.

#### FUND FACTS

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

START DATE: November 21, 1985

SIZE: as of December 31, 1993, over \$342 million

NEW MANAGER: Steven Harvey since October 1993; manager, Spartan Pennsylvania High Yield Portfolio, since October 1993; Spartan Maryland Municipal Income Portfolio, since April 1993 (checkmark)

#### STEVE HARVEY'S OUTLOOK

ON INTEREST RATES:

"Despite some retreat in bond prices in the last quarter of 1993 caused by stronger-than-expected economic news, I believe that interest rates won't rise or fall much over the next 12 months.

And even though there was strong economic growth over the last quarter, that hasn't translated into higher inflation. While some commodity prices



have started to rise somewhat, oil prices are flat. As long as oil - an important part of our economy - stays low, I don't worry too much about inflation rising. There's also continued evidence that labor prices are under control, with major corporations still announcing plans to lay off workers. To me that signals that rates could remain low for at least the first half of 1994."

(bullet) Electric utility bonds - at 14.8% of investments - are the fund's second largest industry concentration. They're attractive, in part, because the supply of these bonds could start to dwindle and so prices could appreciate.

(bullet) On December 31, the fund's duration was 8.1 years, up from 6.8 years six months earlier. That means if interest rates rose one percentage point, the fund's share price - - \$11.52 on December 31 - would fall about 8.1% to roughly \$10.59.

INVESTMENT CHANGES

TOP FIVE SECTORS AS OF DECEMBER 31, 1993

	% OF FUND'S INVESTMENTS	% OF FUND'S INVESTMENT S IN THESE SECTORS 6 MONTHS AGO
Health Care	34	33
Electric Utilities	15	15
Housing	12	12
General Obligation	10	7
Industrial Development	7	9

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

Years 21.6 21.4

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

DURATION AS OF DECEMBER 31, 1993  
6 MONTHS AGO

Years 8.1 6.8

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 28%  
Aa, A 52%  
Baa 12%  
Caa 3%  
Non-rated 5%

Row: 1, Col: 1, Value: 28.0

Row: 1, Col: 2, Value: 52.0

Row: 1, Col: 3, Value: 12.0

Row: 1, Col: 4, Value: 3.0

Row: 1, Col: 5, Value: 5.0

THIS CHART EXCLUDES SHORT-TERM INVESTMENTS. WHERE MOODY'S RATINGS ARE NOT AVAILABLE, WE HAVE USED S&P RATINGS.  
INVESTMENTS DECEMBER 31, 1993

Showing Percentage of Total Value of Investments

MUNICIPAL BONDS - 97.7%

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

MINNESOTA - 92.8%

Albany Health Care Facs. Rev. Rfdg.  
(Mother Mercy Nursing Home) 8.75%  
12/1/19 - \$ 1,100,000 \$ 1,156,375 012387AR  
Anoka County Resources Recovery Rev.  
(Northern States Pwr. Co.) 7.15% 12/1/08 Aa3 1,500,000 1,710,000  
036272AS  
Anoka County Solid Waste Disp. Rev. (Nat'l.  
Rural Util.) Series A, 6.95% 12/1/08 (b) Aa3 1,000,000 1,120,000  
036277AM  
Apple Valley Ind. Dev. Rev. Rfdg.  
(Kmart Corp. Proj.) 6.50% 10/1/08 A 800,000 892,000 037891AP  
Bass Brook Poll. Cont. Rev. Rfdg.  
(Minnesota Pwr. & Lt. Co.) 6% 7/1/22 A2 14,700,000 15,343,125  
070129AG  
Bemidji Hosp. Facs. Rev. (1st Mtg.)  
(North Country Health) Series A, 7% 9/1/21 A 1,000,000 1,101,250  
081393BB  
Brainerd Health Care Facs. Rev.  
(Benedictine Health St. Joseph Proj.): 104894AL  
Series D, 5.875% 2/15/12 (MBIA  
Insured) Aaa 1,500,000 1,584,375 104894CB  
8.375% 2/15/20  
(Pre-Refunded to 2/15/00 @102) (e) Baa 2,000,000 2,470,000 104894AL  
Breckenridge Hosp. Facs. Rev.  
(Franciscan Sisters Healthcare-B2) 9.375%  
9/1/17 A- 445,000 513,975 106502AP  
Chicago City Health Facs. Rev. (Point Pleasant  
Height Proj.) 9.25% 7/1/15 - 3,700,000 3,889,625 170060AQ  
Coon Rapids Hosp. Rev. (Health Ctr. Sys. Proj.)  
Series B, 9% 10/1/14 A 2,000,000 2,195,000 216583BK  
Dakota County Hsg. & Redev. Auth. Interest for  
South St. Paul Rev. (Single Family Mtg.) : 234102BR  
Rfdg. Series A, 8.10 9/1/12, (GNMA  
Coll.) AAA 480,000 514,200 234102CW  
(Burnsville & Inver.) 9.375% 5/1/18,  
(FGIC Insured) Aaa 15,000 16,144 234102BR  
Duluth Econ. Dev. Auth. Hosp. Facs. Rev. Rfdg.  
(St. Lukes Hosp. of Duluth) Series B, 6.40%  
5/1/18 (Connie Lee Insured) AAA 3,000,000 3,292,500 26444FBC  
Duluth Swr. Util. Rev. 8.60% 2/1/03 A 270,000 283,837 264435L9  
Eagan Wtr. Gen. Oblig. Unltd. Tax  
Series A, 7.30% 12/1/10 Aa 820,000 954,275 2694073V  
East Grand Forks Poll. Cont. Rev. Rfdg.  
(American Crystal Sugar Co.) Series A,  
7.75% 4/1/18 BBB+ 1,000,000 1,138,750 272450AH  
Eden Prairie Multi-Family Hsg. Rev. (Preserve  
Place Apts.) 8% 7/1/28, (FHA Guaranteed) AAA 1,000,000 1,047,500  
279540EJ

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

MINNESOTA - CONTINUED  
Hennepin County Lease Rev. Ctfs. of Prtn.: 425523AW  
6.65% 5/15/08 Aa \$ 500,000 \$ 547,500 425523AW  
6.80% 5/15/17 Aa 5,000,000 5,525,000 425523BQ  
Minneapolis Commty. Dev. Agcy. Supported  
Dev. Rev. Ltd. Tax (Common Board Fund)  
Series 1991-5A, 7.40% 12/1/21 BBB+ 1,250,000 1,381,250 603919KW  
Minneapolis Commty. Dev. Agcy. Tax Increment  
Rev. (MBIA Insured):  
0% 9/1/07 Aaa 2,860,000 1,430,000 603924AQ  
0% 9/1/08 Aaa 4,600,000 2,150,500 603924AS  
Minneapolis Convention Ctr. Sales Tax Rev.  
(Chamber Bdlg.-Skyway Proj.) 9.75%

2/1/06 (g) - 689,000 344,500 6037500A  
 Minneapolis Gen. Oblig.: 60374AJX  
 Rfdg. Series B:  
 5.10% 9/1/08 Aaa 2,000,000 2,030,000 60374AJX  
 5.20% 3/1/13 Aaa 2,000,000 2,002,500 60374AKL  
 Cap. Appreciation Series A:  
 0% 12/1/11 Aaa 2,830,000 1,110,775 60374AGQ  
 0% 12/1/12 Aaa 2,000,000 740,000 60374AGU  
 Minneapolis Gen. Oblig. Conv. Ctr. Facs.  
 Series 1990, 5.35% 4/1/11 Aaa 5,000,000 5,125,000 60374ADS  
 Minneapolis Health Care Facs. Rev.  
 (Baptist Residence Proj.) 8.70% 11/1/09 - 1,885,000 2,160,681 603908BZ  
 Minneapolis Hosp. Rev.: 603745MK  
 Rfdg. (Fairview Hosp. & Healthcare) 6.50%  
 1/1/11, (MBIA Insured) Aaa 1,500,000 1,663,125 603745MK  
 (Childrens Med. Ctr. Proj.) Series C, 7%  
 12/1/20 A 2,500,000 2,796,875 603745LR  
 (Lifespan, Inc.): 603745JC  
 Rfdg. (Abbott Northwestern Hosp., Inc.)  
 Series 1988 A, 7.875% 12/1/14 A1 1,200,000 1,396,500 603745JS  
 (Abbott Northwestern Hosp., Inc.) 7%  
 12/1/14 A1 2,000,000 2,225,000 603745KX  
 Series B:  
 9.125% 12/1/14 A1 1,150,000 1,390,062 603745JC  
 8.125% 8/1/17 A 3,000,000 3,431,250 603745KH  
 Minneapolis Spl. School Dist. #1 Ctfs. of Prtn.  
 7.375% 2/1/15 A1 1,000,000 1,100,000 603792BF  
 Minneapolis Tax Increment Rev. 9.25% 3/1/94  
 (MBIA Insured) Escrowed to Maturity (e) Aaa 1,000,000 1,012,130  
 603795AH  
 MUNICIPAL BONDS - CONTINUED  
 MOODY'S RATINGS PRINCIPAL VALUE  
 (UNAUDITED) (C) AMOUNT (NOTE 1)  
 MINNESOTA - CONTINUED  
 Minneapolis & St. Paul Hsg. Fin. Board Rev.  
 (Single Family Phase IX) 7.25% 8/1/21(b) AAA \$ 2,500,000 \$ 2,725,000  
 603797MQ  
 Minneapolis & St. Paul Hsg. & Redev. Auth.  
 Health Care Sys. Rev.: 603695BM  
 (Health One Obligated Group) Series A,  
 7.40% 8/15/11, (MBIA Insured) Aaa 2,750,000 3,210,625 603695BM  
 (Healthspan Health Sys. Corp.) (Health One  
 Sys.) Series A, 4.75% 11/15/18  
 (AMBAC Insured) Aaa 25,610,000 23,657,237 603695DF  
 Minneapolis & St. Paul Metropolitan Arpts.  
 Commission Unltd. Tax Series 7, 7.80%  
 1/1/15 (b) Aaa 3,000,000 3,438,750 603823VZ  
 Minnesota Agric. & Econ. Dev. Board Rev. (Small Bus.  
 Dev. Prog. Lot 1) Series B, 8.375% 8/1/10 (b) - 1,000,000 1,076,250  
 604920JX  
 Minnesota Energy & Econ. Dev. Auth. Rev.  
 (Small Bus. Dev. Lot 1 2D) 10% 8/1/06 - 75,000 83,437 604017FD  
 Minnesota Higher Ed. Facs. Auth.: 604151LX  
 (MacAlester College) Series 3-J, 6.40%  
 3/1/22 AA- 1,675,000 1,800,625 604151LX  
 (Northwestern College) Series 2-X: 604151DZ  
 8.25% 10/1/00 - 750,000 835,313 604151DZ  
 8.50% 10/1/05 - 1,750,000 1,929,375 604151EE  
 (St. Mary's College) Series 3-Q, 6.15%  
 10/1/23 Baa 1,965,000 2,053,425 604151QT  
 (St. Thomas Univ.): 604151FQ  
 Series 3 C, 6.25% 9/1/16 A1 2,310,000 2,457,262 604151FQ  
 Series 3-R1, 5.60% 10/1/15 A1 1,000,000 1,025,000 604151SE  
 Series 3-R2, 5.6-% 9/1/14 A1 1,275,000 1,306,875 604151SD  
 Minnesota Hsg. Fin. Agcy.: 6041542Y  
 (Single Family Mtg.) 6041542Y  
 Series A (b): 60415HFZ  
 6.95% 7/1/16 Aa 1,000,000 1,096,250 60415HTP  
 7.45% 7/1/22 AA+ 2,945,000 3,184,281 60415HMT  
 7.95% 7/1/22 Aa 3,390,000 3,618,825 60415HFZ  
 8% 7/1/29 Aa 940,000 1,001,100 60415HBT  
 Series B, 7.25% 7/1/16 Aa 1,780,000 1,840,075 604154H3  
 Series D: 6041542Y  
 7.35% 7/1/16 Aa 2,770,000 2,932,738 60415HED  
 8.80% 7/1/16 Aa 1,250,000 1,320,312 6041542Y  
 Series E:

8% 2/1/17 Aa 1,125,000 1,226,250 60415HAZ  
 6.85% 1/1/24 (b) Aa 1,000,000 1,081,250 60415HUZ  
 Series H, 6.50% 1/1/26 (b) Aa 2,800,000 2,954,000 60415HWD  
 MUNICIPAL BONDS - CONTINUED  
 MOODY'S RATINGS PRINCIPAL VALUE  
 (UNAUDITED) (C) AMOUNT (NOTE 1)  
 MINNESOTA - CONTINUED  
 Minnesota Hsg. Fin. Agcy.: 6041542Y - continued  
 (State Assisted Home Impt. Prog.) 60415HLE  
 Series A:  
 6.95% 2/1/14 A1 \$ 1,000,000 \$ 1,081,250 60415HPP  
 6.95% 8/1/17 A1 1,000,000 1,075,000 60415HSH  
 Series E, 7.50% 8/1/07(b) A1 1,395,000 1,476,956 60415HLE  
 Minnesota Hsg. Fin. Agcy. Hsg. Rev.  
 Series A, 7.05% 8/1/27 A1 1,250,000 1,334,375 60415HSJ  
 Minnesota Pub. Facs. Auth. Wtr. Poll. Cont. Rev.: 604114AR  
 Series A: 604114AR  
 7% 3/1/09 AA+ 1,000,000 1,132,500 604114AR  
 7.10% 3/1/12 AA+ 3,100,000 3,568,875 604114BD  
 6.95% 3/1/13 AA+ 4,500,000 5,191,875 604114BW  
 Series B, 6.70% 3/1/13 AA+ 5,350,000 6,092,312 604114CN  
 Minnesota Rfdg. Variable Purp. Series A,  
 6.50%, 8/1/97 Aa 3,000,000 3,266,250 604128AS  
 Minnetonka Multi-Family Hsg. Rev.  
 (Cedar Hills East Proj.) 7.50% 12/1/27,  
 (FHA Guaranteed) AA 600,000 691,500 604218DK  
 Montevideo Independent Sch. Dist. #129  
 Unltd. Tax 4.90% 2/1/15 A1 1,000,000 952,500 612714BG  
 Northern Minnesota Muni. Pwr. Agcy. Elec.  
 Sys. Rev.:  
 Rfdg. Series A:  
 0% 1/1/10, (AMBAC Insured) Aaa 2,405,000 1,034,150 665444CA  
 7.25% 1/1/16 A 2,630,000 2,942,313 665444CC  
 5% 1/1/21 A 500,000 478,125 665444CJ  
 Rfdg. Series B: 665444DQ  
 5.50% 1/1/18, (AMBAC Insured) Aaa 5,000,000 5,100,000 665444DQ  
 Series C, 6.125% 1/1/20,  
 (AMBAC Insured) Aaa 1,250,000 1,356,250 665444DS  
 Northfield College Facs. Rev. (St. Olaf  
 College Proj.): 666182BJ  
 6.30% 10/1/12 A1 1,085,000 1,194,856 666182BJ  
 6.40% 10/1/21 A1 1,100,000 1,215,500 666182BK  
 Red Wing Independent School Dist. 256 Unltd.  
 Tax Series A, 5.53% 2/1/08 Aa 565,000 588,306 757130GP  
 Redwood Falls Independent Sch. Dist. Rfdg.  
 5.125% 1/1/15, (AMBAC Insured) Baal 1,700,000 1,676,625 758046FF  
 Robbinsdale Hosp. Rev. Rfdg. (North Mem.  
 Med. Ctr. Proj.) Series A, 5.55% 5/15/19,  
 (AMBAC Insured) Aaa 4,000,000 4,075,000 770251CM  
 MUNICIPAL BONDS - CONTINUED  
 MOODY'S RATINGS PRINCIPAL VALUE  
 (UNAUDITED) (C) AMOUNT (NOTE 1)  
 MINNESOTA - CONTINUED  
 Rochester Health Care Facs. Rev.  
 (Mayo Foundation/Mayo Med. Ctr.):  
 Series 1992 D, 6.25% 11/15/21 AA+ \$ 2,000,000 \$ 2,167,500 771902CC  
 Series H (d):  
 9.142% 11/15/15 AA+ 2,000,000 2,255,000 771902CS  
 5% 11/15/19 AA+ 10,000,000 9,025,000 771902CX  
 Series I:  
 5.90% 11/15/10 AA+ 2,250,000 2,460,938 771902CM  
 5.75% 11/15/21 AA+ 8,750,000 9,089,063 771902CY  
 St. Cloud Hosp. Facs. Rev. Rfdg.  
 (St. Cloud Hosp.) Series C, 6.75% 7/1/15,  
 (AMBAC Insured) Aaa 1,325,000 1,492,281 789162BH  
 St. Louis County Jail Rev. Series A, 4.75%  
 12/1/08, (AMBAC Insured) Aaa 1,420,000 1,356,100 791230GG  
 St. Louis Park Hosp. Facs. Auth. Rev.  
 (Healthsystem Obligated A) 5.20% 7/1/23,  
 (AMBAC Insured) Aaa 3,500,000 3,412,500 791748CQ  
 St. Louis Park Mtg. Rev. (Park Ridge Apt.  
 Proj.) 9.375% 9/20/20, (GNMA Coll.) AAA 1,200,000 1,260,000 791767AX  
 St. Paul Hsg. & Redev. Auth. Commercial  
 Dev. Rev. Rfdg. (Beverly Enterprises) 7.75%  
 11/1/02 - 1,900,000 1,983,125 792886FH  
 St. Paul Hsg. & Redev. Auth. Health Care

Facs. Rev. (Childrens Hosp.) 7% 12/1/19 A 3,000,000 3,303,750 792905AV

St. Paul Hsg. & Redev. Auth. Hosp. Rev.

(Healtheast Proj.): 792888DZ

Series A:

6.625% 11/1/17 Baa 5,000,000 5,131,250 792888HF

9.75% 11/1/17 Baa 2,405,000 2,819,863 792888FL

Series B:

9.625% 11/1/08 Baa 2,500,000 2,909,375 792888DZ

9.75% 11/1/17 Baa 3,000,000 3,502,500 792888FM

St. Paul Hsg. & Redev. Auth. Rev. (Rent Hsg.)

8% 2/1/21, (FNMA Mtg. Backed) (b) AAA 3,095,000 3,222,669 792893CZ

St. Paul Hsg. & Redev. Auth. Tax Increment Rev.

(Downtown & 7th Place Redev. Proj.)

(AMBAC Insured):

Series A, 0% 9/1/04 Aaa 1,000,000 527,500 792904BF

Series B, 0% 9/1/08 Aaa 2,500,000 975,000 792904BK

St. Paul Port Auth. Hsg. & Redev. Multi-Family

Hsg. Rev.:

Series C, 7% 9/1/22 CCC 2,800,000 1,914,500 793043BW

MUNICIPAL BONDS - CONTINUED

MOODY'S RATINGS PRINCIPAL VALUE

(UNAUDITED) (C) AMOUNT (NOTE 1)

MINNESOTA - CONTINUED

St. Paul Port Auth. Hsg. & Redev. Multi-Family

Hsg. Rev.: - continued

Series 1985 J:

9.50% 12/1/11 CCC \$ 500,000 \$ 460,000 793043AN

9.50% 12/1/14 CCC 2,000,000 1,832,500 793043AQ

St. Paul Port Auth. Ind. Dev. Rev.:

Rfdg. Series H, 8.50% 9/1/11 CCC 1,750,000 1,470,000 793059TE

(Riverview II Proj.) Series 1983 A,

10% 1/1/13 CCC 960,000 912,000 793059MG

Series A:

7.80% 12/1/08 CCC 1,110,000 900,488 793059TZ

8% 12/1/13 CCC 1,030,000 816,275 793059TY

Series Q, 9.375% 12/1/15 CCC 650,000 593,938 793059RT

Series 1981-M, 13.50% 11/1/11 CCC 940,000 940,000 793059GS

Series 1982-G, 12.875% 5/1/12 CCC 875,000 866,250 793059GV

St. Paul Swr. Rev. Series A, 8% 12/1/08 A 2,500,000 2,881,250 793071AQ

Seaway Port Auth. Duluth Ind. Dev. Dock &

Wharf Rev. Rfdg. (Cargill, Inc. Proj.)

Series B, 6.80% 5/1/12 (f) Aa3 2,750,000 3,114,375 812802AC

Southern Minnesota Muni. Pwr. Agcy. Pwr.

Supply Sys. Rev.:

Rfdg. Series A, 5.75% 1/1/18 A1 6,000,000 6,240,000 843375MM

Series A, 4.75% 1/1/16 A1 15,500,000 14,550,625 843375NK

Series B, 5% 1/1/13 A1 5,100,000 4,966,125 843375QC

8.397% 2/1/18, (MBIA Insured) (d) Aaa 4,000,000 4,265,000 843375NW

Stillwater Independent School Dist. #834 Unltd.

Tax 6.75% 2/1/08, (FGIC Insured) Aaa 1,500,000 1,653,750 860758KC

Virginia Independent School Dist. #706 Unltd. Tax

Series A:

5% 4/1/11, (AMBAC Insured) Aaa 630,000 630,788 927889BS

5% 4/1/13, (AMBAC Insured) Aaa 1,180,000 1,168,200 927889BU

Washington County Hsg. & Redev. Jail Facs. Rev.

7% 2/1/12, (MBIA Insured) Aaa 2,000,000 2,312,500 93779MAW

Western Minnesota Muni. Pwr. Agcy. Pwr.

Supply Rev.:

Rfdg. Series A:

6.875% 1/1/07 A 800,000 871,000 958697DW

7% 1/1/13 A 5,400,000 5,879,250 958697DX

Series A, 6.375% 1/1/16,

(Escrowed to Maturity) (e) Aaa 2,000,000 2,260,000 958697AW

White Bear Lake First Mtg. Nursing Home Rev.

Series 1992. 8.25% 11/1/12 - 3,000,000 3,127,500 963430BM

311,684,080

MUNICIPAL BONDS - CONTINUED

MOODY'S RATINGS PRINCIPAL VALUE

(UNAUDITED) (C) AMOUNT (NOTE 1)

PUERTO RICO - 4.9 %

Puerto Rico Commonwealth Gen. Oblig. Rfdg.

5% 7/1/21 Baal \$ 5,000,000 \$ 4,750,000 745144KJ

Puerto Rico Commonwealth Hwy. & Trans.:

Rfdg. Series X, 5.50% 7/1/13 Baal 10,000,000 10,137,500 745181CA

Series W, 5.50% 7/1/15 Baal 1,000,000 1,015,000 745181CB

Series X, 5.50% 7/1/15 Baal 530,000 537,950 745181FD

TOTAL MUNICIPAL BONDS  
 (Cost \$307,329,499) 328,124,530  
 MUNICIPAL NOTES (A) - 2.3%

## MINNESOTA - 2.3%

Fridley Ind. Dev. Auth. Rev. (Longview Fibre Co.  
 Proj.) Series 1988, 3.20%, LOC Algemene  
 Bank, VRDN - 240,000 240,000 358380BH  
 Minnesota Gen. Oblig. 1.85% VRDN - 3,000,000 3,000,000 358380BH  
 Minnesota Higher Ed. Coordinating Board Rev.  
 (Supplemental Student Loan Prog.) Series 1984,  
 3.125%, LOC Mitsubishi Bank Ltd., VRDN - 4,632,000 4,632,000 604147BW

TOTAL MUNICIPAL NOTES  
 (Cost \$7,872,000) 7,872,000

TOTAL INVESTMENTS - 100%  
 (Cost \$315,201,499) \$ 335,996,530

SECURITY TYPE ABBREVIATIONS  
 VRDN - Variable Rate Demand Notes  
 LEGEND

- (c) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.  
 (d) Private activity obligations whose interest is subject to the federal alternative minimum tax for individuals (AMT securities).  
 (e) Standard & Poor's Corporation credit ratings are used in the absence of a rating by Moody's Investors Service, Inc.  
 (f) 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.  
 (g) Security collateralized by an amount sufficient to pay interest and principal.  
 (h) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At the period end, the value of these securities amounted to \$3,114,375 or 0.9% of net assets.  
 (i) Non-income producing - issuer filed for protection under the Federal Bankruptcy Code or is in default of interest payment.

## INCOME TAX INFORMATION

At December 31, 1993, the aggregate cost of investment securities for income tax purposes was \$315,210,464. Net unrealized appreciation aggregated \$20,786,066, of which \$23,132,267 related to appreciated investment securities and \$2,346,201 related to depreciated investment securities.

The fund hereby designates \$539,000 as a capital gain dividend for the purpose of the dividend paid deduction.

At December 31, 1993, the fund was required to defer \$703,000 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 59.6% AAA, AA, A 79.0%  
 Baa 11.0% BBB 7.0%  
 Ba 0.0% BB 0.0%  
 B 0.0% B 0.0%  
 Caa 0.0% CCC 3.0%  
 Ca, C 0.0% CC, C 0.0%  
 D 0.0%

The percentage not rated by either S&P or Moody's amounted to 5.0%.

The distribution of municipal securities by revenue source, as a percentage of total value of investments, is as follows:

Health Care	33.8%
Electric Utilities	14.8
Housing	12.1
Others	
(individually less than 10%)	39.3
TOTAL	100.0%

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>		
<CAPTION>		
<S>	<C>	<C>
DECEMBER 31, 1993		
6.ASSETS	7.	8.
9.Investment in securities, at value (cost \$315,201,499) (Notes 1 and 2) - See accompanying schedule	10.	\$ 335,996,530
11.Cash	12.	51,763
13.Receivable for investments sold	14.	24,000
15.Interest receivable	16.	6,723,334
17. 18.TOTAL ASSETS	19.	342,795,627
20.LIABILITIES	21.	22.
23.Payable for fund shares redeemed	\$ 118,523	24.
25.Dividends payable	258,926	26.
27.Accrued management fee	117,036	28.
29.Other payables and accrued expenses	104,766	30.
31. 32.TOTAL LIABILITIES	33.	599,251
34.35.NET ASSETS	36.	\$ 342,196,376
37.Net Assets consist of:	38.	39.
40.Paid in capital	41.	\$ 320,490,651
42.Accumulated undistributed net realized gain (loss) on investments	43.	910,694
44.Net unrealized appreciation (depreciation) on investment securities	45.	20,795,031
46.47.NET ASSETS, for 29,694,991 shares outstanding	48.	\$ 342,196,376
49.50.NET ASSET VALUE, offering price and redemption price per share (\$342,196,376 (divided by) 29,694,991 shares)	51.	\$11.52

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>		
<CAPTION>		
<S>	<C>	<C>
YEAR ENDED DECEMBER 31, 1993		
52.INTEREST INCOME	53.	\$ 20,304,651
54.EXPENSES	55.	56.

57.Management fee (Note 4)	\$ 1,328,626	58.
59.Transfer agent, accounting and custodian fees and expenses (Note 4)	563,591	60.
61.Non-interested trustees' compensation	1,013	62.
63.Registration fees	3,713	64.
65.Audit	29,711	66.
67.Legal	9,826	68.
69.Miscellaneous	23,262	70.
71. 72.TOTAL EXPENSES	73.	1,959,742
74.75.NET INTEREST INCOME	76.	18,344,909
77.REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (NOTES 1 AND 3)	79.	80.
78.Net realized gain (loss) on:		
81. Investment securities	9,223,634	82.
83. Futures contracts	(541,541)	8,682,093
84.Change in net unrealized appreciation (depreciation) on:	85.	86.
87. Investment securities	10,079,409	88.
89. Futures contracts	(48,740)	10,030,669
90.91.NET GAIN (LOSS)	92.	18,712,762
93.94.NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	95.	\$ 37,057,671

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

<S>

<C>

YEARS ENDED DECEMBER 31,

<C>

1993

1992

96.INCREASE (DECREASE) IN NET ASSETS		
97.Operations	\$ 18,344,909	\$ 15,933,145
Net interest income		
98. Net realized gain (loss) on investments	8,682,093	356,132
99. Change in net unrealized appreciation (depreciation) on investments	10,030,669	2,441,452
100.	37,057,671	18,730,729
101.NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		
102.Distributions to shareholders from net interest income	(18,344,909)	(15,933,145)
103.Share transactions	128,301,957	136,820,248
Net proceeds from sales of shares		
104. Reinvestment of distributions from net interest income	14,954,530	12,863,065



105. Cost of shares redeemed	(100,553,675)	(93,487,625)
106. Net increase (decrease) in net assets resulting from share transactions	42,702,812	56,195,688
107.	61,415,574	58,993,272
108.TOTAL INCREASE (DECREASE) IN NET ASSETS		
109.NET ASSETS	110.	111.
112. Beginning of period	280,780,802	221,787,530
113. End of period	\$ 342,196,376	\$ 280,780,802
114.OTHER INFORMATION	116.	117.
115.Shares		
118. Sold	11,442,704	12,691,895
119. Issued in reinvestment of distributions from net interest income	1,324,247	1,192,892
120. Redeemed	(8,949,771)	(8,681,009)
121. Net increase (decrease)	3,817,180	5,203,778

</TABLE>

#### FINANCIAL HIGHLIGHTS

<TABLE>

<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>
122.	YEARS ENDED DECEMBER 31,				
123.	1993	1992	1991	1990	1989
124.SELECTED PER-SHARE DATA					
125.Net asset value, beginning of period	\$ 10.850	\$ 10.730	\$ 10.550	\$ 10.520	\$ 10.310
126.Income from Inves tment Operations	.647	.674	.690	.699	.711
Net interest income					
127. Net realized and unrealized gain (loss) on investments	.670	.120	.180	.030	.210
128. Total from invest ment operations	1.317	.794	.870	.729	.921
129. Dividends from net interest income	(.647)	(.674)	(.690)	(.699)	(.711)
130.Net asset value, end of period	\$ 11.520	\$ 10.850	\$ 10.730	\$ 10.550	\$ 10.520
131.TOTAL RETURN	12.42%	7.63%	8.50%	7.22%	9.24%
132.RATIOS AND SUPPLEMENTAL DATA					
133.Net assets, end of period (000 omitted)	\$ 342,196	\$ 280,781	\$ 221,788	\$ 167,127	\$ 131,172
134.Ratio of expenses	.61%	.67%	.72%	.76%	.80%

to  
average net  
assets

135. Ratio of net interest income to average net assets	5.73%	6.25%	6.47%	6.72%	6.84%
136. Portfolio turnover rate	37%	12%	14%	29%	25%

</TABLE>

#### NOTES TO FINANCIAL STATEMENTS

For the period ended December 31, 1993

#### 1. SIGNIFICANT ACCOUNTING POLICIES.

Fidelity Minnesota Tax-Free Portfolio (the fund) is a fund of Fidelity Municipal Trust (the trust) and is authorized to issue an unlimited number of shares. The trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust. The following summarizes the significant accounting policies of the fund:

**SECURITY VALUATION.** 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 (including restricted 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.

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

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

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

**DISTRIBUTIONS TO SHAREHOLDERS.** Dividends are declared daily and paid monthly from net interest income. 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 fund 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 fund changed the classification of distributions to shareholders to better disclose the differences between financial statement amounts and distributions determined in accordance with income

#### 1. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**CHANGE IN ACCOUNTING FOR DISTRIBUTIONS TO SHAREHOLDERS - CONTINUED** tax regulations. Accordingly, amounts as of December 31, 1992 have been reclassified to reflect a decrease in paid in capital and accumulated net realized loss on investments of \$96,311.

#### 2. OPERATING POLICIES.

**FUTURES CONTRACTS AND OPTIONS.** The 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 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.

Purchases and sales of securities, other than short-term securities, aggregated \$156,454,844 and \$112,949,602, respectively.

The market value of futures contracts opened and closed amounted to \$151,918,822 and \$161,952,895, respectively.

### 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE. As the fund's investment adviser, 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 the fund. The group fee rate is the weighted average of a series of rates ranging from .15% to .37% and is based on the monthly average net assets of all the mutual funds advised by FMR. The annual individual fund fee rate is .25%. For the period, the management fee was equivalent to an annual rate of .42% of average net assets.

The Board of Trustees approved a new group fee rate schedule with rates ranging from .1325% to .37%. Effective November 30, 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 fund voted to approve a proposal to amend the management contract. The new management fee will reflect the new group fee rate schedule.

DISTRIBUTION AND SERVICE PLAN. Pursuant to the Distribution and Service Plan (the Plan), and in accordance with Rule 12b-1 of the 1940 Act, FMR or the fund's distributor, Fidelity Distributors Corporation (FDC), an affiliate of FMR, may use their

### 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES - CONTINUED

#### DISTRIBUTION AND SERVICE PLAN - CONTINUED

resources to pay administrative and promotional expenses related to the sale of the fund's shares. Subject to the approval of the Board of Trustees, the Plan also authorizes payments to third parties that assist in the sale of the fund's shares or render shareholder support services. FMR or FDC has informed the fund that payments made to third parties under the Plan amounted to \$36,021 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 fund. 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 fund's transfer and shareholder servicing agent and accounting functions. The fund pays 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 \$415,918 and \$126,835, respectively.

### REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees of Fidelity Municipal Trust and the Shareholders of Fidelity Minnesota Tax-Free Portfolio:

We have audited the accompanying statement of assets and liabilities of Fidelity Minnesota Tax-Free Portfolio, a portfolio of Fidelity Municipal Trust, including the schedule of portfolio investments, as of December 31, 1993, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing

standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of 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 Minnesota Tax-Free Portfolio as of December 31, 1993, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND  
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) (PHONE\_GRAPHIC)  
(PHONE\_GRAPHIC) MUTUAL FUND QUOTES\*  
1-800-544-8544

Just make a selection from this record-ed menu:

PRESS

For quotes on funds you own.

1.  
For an individual fund quote.

2.  
For the ten most frequently requested Fidelity fund quotes.

3.  
For quotes on Fidelity Select Portfolios. (Registered trademark)

4.  
To change your Personal Identification Number (PIN).

5.  
To speak with a Fidelity representative.

6.  
(PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC) (PHONE\_GRAPHIC)  
(PHONE\_GRAPHIC) MUTUAL FUND ACCOUNT  
BALANCES 1-800-544-7544

Just make a selection from this record-ed menu:

PRESS

For balances on funds you own.

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

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

3.  
To speak with a Fidelity  
representative.

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

INVESTMENT ADVISER  
Fidelity Management & Research  
Company

Boston, MA

OFFICERS

Edward C. Johnson 3d, President  
J. Gary Burkhead, Senior Vice President  
Peter J. Allegrini, Vice President  
Gary L. French, Treasurer  
John H. Costello, Assistant Treasurer  
Arthur S. Loring, Secretary

BOARD OF TRUSTEES

J. Gary Burkhead  
Ralph F. Cox\*  
Phyllis Burke Davis\*  
Richard J. Flynn\*  
Edward C. Johnson 3d  
E. Bradley Jones\*  
Donald J. Kirk\*  
Peter S. Lynch  
Marvin L. Mann\*  
Edward H. Malone\*  
Gerald C. McDonough\*  
Thomas R. Williams\*

GENERAL DISTRIBUTOR

Fidelity Distributors Corporation  
Boston, MA

TRANSFER AND SHAREHOLDER

SERVICING AGENTS

United Missouri Bank, N.A.

Kansas City, MO

and

Fidelity Service Co.

Boston, MA

CUSTODIAN

United Missouri Bank, N.A.

Kansas City, MO

Corporate Headquarters

82 Devonshire St., Boston, MA 02109

FIDELITY TAX-FREE BOND FUNDS

Aggressive Tax-Free

California Tax-Free High Yield

California Tax-Free Insured

High Yield Tax-Free

Insured Tax-Free

Limited Term Municipals

Massachusetts Tax-Free High Yield

Michigan Tax-Free High Yield  
Minnesota Tax-Free  
Municipal Bond  
New York Tax-Free High Yield  
New York Tax-Free Insured  
Ohio Tax-Free High Yield  
Spartan(Registered trademark) Aggressive Tax-Free  
Spartan California Intermediate Municipal  
Spartan California Municipal High Yield  
Spartan Connecticut Municipal High Yield  
Spartan Florida Municipal Income  
Spartan Intermediate Municipal  
Spartan Maryland Municipal Income  
Spartan Municipal Income  
Spartan New Jersey Municipal High Yield  
Spartan New York Intermediate Municipal  
Spartan New York Municipal High Yield  
Spartan Pennsylvania Municipal High Yield  
Spartan Short-Intermediate Municipal  
THE FIDELITY TELEPHONE CONNECTION  
MUTUAL FUND 24-HOUR SERVICE  
Account Balances 1-800-544-7544  
Exchanges/Redemptions 1-800-544-7777  
Mutual Fund Quotes 1-800-544-8544  
Account Assistance 1-800-544-6666  
Product Information 1-800-544-8888  
Retirement Accounts 1-800-544-4774 (8 a.m. - 9 p.m.)  
TDD Service 1-800-544-0111  
for the deaf and hearing impaired  
(9 a.m. - 9 p.m. Eastern time)  
\* INDEPENDENT TRUSTEES  
AUTOMATED LINES FOR QUICKEST SERVICE