

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FIDELITY PHILLIPS STREET TRUST

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FIDELITY

(registered trademark)
U.S. GOVERNMENT RESERVES

SEMIANNUAL REPORT
MAY 31, 1995
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THIS REPORT AND THE FINANCIAL STATEMENTS CONTAINED HEREIN ARE SUBMITTED FOR THE GENERAL INFORMATION OF THE SHAREHOLDERS OF THE FUND. THIS REPORT IS NOT AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS IN THE FUND UNLESS PRECEDED OR ACCOMPANIED BY AN EFFECTIVE PROSPECTUS. MUTUAL FUND SHARES ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY, ANY DEPOSITORY INSTITUTION. SHARES ARE NOT INSURED BY THE FDIC, THE FEDERAL RESERVE BOARD OR ANY OTHER AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL. NEITHER THE FUND NOR FIDELITY DISTRIBUTORS CORPORATION IS A BANK. FOR MORE INFORMATION ON ANY FIDELITY FUND, INCLUDING CHARGES AND EXPENSES, CALL 1-800-544-8888

FOR A FREE PROSPECTUS. READ IT CAREFULLY BEFORE YOU INVEST OR SEND MONEY.
PRESIDENT'S MESSAGE

DEAR SHAREHOLDER:

Although there have been some positive market indications so far in 1995, no one can predict what lies ahead for investors. Last year, stocks posted below-average returns and bonds had one of the worst years in history. This downturn followed a period in which the investing environment was almost ideal.

These market ups and downs are a normal part of investing, and there are some basic principles that can help investors in every type of market. First, take a long-term approach when investing. If you can afford to leave your money invested through the inevitable ups and downs of financial markets, you will greatly reduce your vulnerability to any single decline. Over time, for example, stock prices have gone up - and have significantly outperformed other types of investments and stayed ahead of inflation. Second, you can further manage risk by diversifying your investments. A stock mutual fund is already diversified, because it invests in many different companies. You can increase your diversification by investing in a number of different stock funds, or in different investment categories, such as bonds. You should also keep money you'll need in the near future in a more stable investment.

Finally, it makes good sense to follow a regular investment plan, investing a set amount of money at the same time each month or quarter. That way, you

can avoid getting caught up in the excitement of a rapidly-rising market - and won't end up buying all your shares at market highs. This strategy won't assure a profit or protect you from a loss in a declining market, but it should help you lower the average cost of your purchases. For this to be effective, you must continue to buy shares in both up and down markets. If you have questions, please call us at 1-800-544-8888. We would be happy to send you a Fidelity FundMatch kit, which can help you determine the mix of investments that is right for you. You might also find it convenient to set up a regular investment plan using the Fidelity Automatic Account Builder.SM

We look forward to hearing from you.

Best regards,

Edward C. Johnson 3d

PERFORMANCE: THE BOTTOM LINE

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

CUMULATIVE TOTAL RETURNS

PERIODS ENDED MAY 31, 1995	PAST 6 MONTHS	PAST 1 YEAR	PAST 5 YEARS	PAST 10 YEARS
Fidelity U.S. Government Reserves	2.78%	4.95%	24.37%	75.80%
Average Government Money Market Fund	2.61%	4.64%	23.53%	72.84%
Consumer Price Index	1.53%	3.19%	17.80%	41.85%

CUMULATIVE TOTAL RETURNS show the fund's performance in percentage terms over a set period - in this case, six months, one year, five years, or ten years. For example, if you invested \$1,000 in a fund that had a 5% return over the past year, the value of your investment would be \$1,050. To measure how the fund's performance stacked up against its peers, you can compare it to the average government money market fund, which reflects the performance of 226 government money market funds with similar objectives tracked by IBC/Donoghue over the past six months. Comparing the fund's performance to the consumer price index (CPI) helps show how your fund did compared to inflation. (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 MAY 31, 1995	PAST 1 YEAR	PAST 5 YEARS	PAST 10 YEARS
Fidelity U.S. Government Reserves	4.95%	4.46%	5.80%
Average Government Money Market Fund	4.64%	4.31%	5.62%
Consumer Price Index	3.19%	3.33%	3.56%

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

	5/31/94	8/30/94	11/29/94	2/28/95	5/30/95
Fidelity U.S. Government Reserves	3.46%	4.08%	5.06%	5.64%	5.58%
Average Government Money Market Fund	3.35%	3.91%	4.67%	5.30%	5.33%
	6/1/94	8/24/94	11/30/94	3/1/95	5/31/95
MMDA	2.38%	2.45%	2.68%	2.88%	2.89%

Row: 1, Col: 1, Value: 3.46
 Row: 1, Col: 2, Value: 3.35
 Row: 1, Col: 3, Value: 2.38
 Row: 2, Col: 1, Value: 4.08
 Row: 2, Col: 2, Value: 3.91

Row: 2, Col: 3, Value: 2.45
Row: 3, Col: 1, Value: 5.06
Row: 3, Col: 2, Value: 4.67
Row: 3, Col: 3, Value: 2.68
Row: 4, Col: 1, Value: 5.64
Row: 4, Col: 2, Value: 5.3
Row: 4, Col: 3, Value: 2.88
Row: 5, Col: 1, Value: 5.58
Row: 5, Col: 2, Value: 5.33
Row: 5, Col: 3, Value: 2.89

6% -
5% -
4% -
3% -
2% -
1% -
0%

Fidelity
U.S. Government
Reserves
Average
Government
Money Market Fun
d
MMDA

YIELD refers to the income paid by the fund over a given period. Yields for money market funds are usually for seven-day periods, expressed as annual percentage rates. A yield that assumes income earned is reinvested or compounded is called an effective yield. The 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 government money market fund and the average bank money market deposit account (MMDA). Figures for the average government money market are supplied by IBC/Donoghue. The MMDA average is supplied by BANK RATE MONITOR (Trademark).

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

COMPARING PERFORMANCE

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

(checkmark)

FUND TALK: THE MANAGER'S OVERVIEW

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

Q. LELAND, WHAT KIND OF ECONOMIC ENVIRONMENT HAVE YOU BEEN OPERATING IN FOR THE PAST SIX MONTHS?

A. This has been a transitional period. Six months ago, there was widespread concern that the economy was overheating. The Federal Reserve was focused on tempering the growth rate and warding off inflation. Then in January, we began to see numbers that suggested the economy was slowing down. That feeling was confirmed with the release of the first-quarter growth rate in the gross domestic product, which turned out to be even lower than I expected - only 2.8%, compared to more than 5% in the fourth quarter of 1995. Now the prevailing sentiment in the market is that we may be headed for a recession.

Q. HOW HAS THE MARKET RESPONDED TO THE SLOWDOWN IN THE ECONOMY?

A. Despite the Fed's rate increase in February, short-term interest rates have fallen since December; the six-month Treasury, for example, is down half a percentage point since then. I believe that reflects a dramatic shift in market psychology, in tune with the turnaround in the outlook for the economy. Earlier in the year, it looked as if rates would continue rising through the summer, and the pricing of short-term securities reflected that expectation. Now, there's a growing consensus among economists that the Fed's next move may be to lower rates, which has led to

a dramatic decline in short-term yields.

Q. WHAT STRATEGIC CHOICES DID YOU MAKE DURING THE PERIOD?

A. I kept the fund's average maturity in the 30- to 40-day range, even as rates stabilized and began heading down. Normally, I would extend the fund's maturity in a falling-rate environment but lately I've been reluctant to do that, for two reasons: heavy buying by foreign central banks of short-term U.S. Treasury securities, and the fact that it looks like the market has already priced most securities assuming a half-percentage-point rate cut later this summer. The result is that short-term interest rates have fallen to artificially low levels. Until conditions stabilize, I prefer the flexibility of operating with a shorter average maturity.

Q. HOW DID THE FUND PERFORM?

A. Better than most of its competitors. On May 31, 1995, the fund's seven-day yield was 5.58%, compared to 5.11% at the end of last November. The fund's total return for the six-month period was 2.78%. That beat the average total return of 2.61% for all government money market funds during the same period, according to IBC/Donoghue.

Q. WHAT'S THE OUTLOOK FOR THE NEXT SEVERAL MONTHS?

A. Currently, I think we're experiencing a temporary inventory correction, rather than embarking on an extended downturn. This condition suggests the economy will experience only moderate growth over the next several months. I believe if the Fed becomes concerned that the economy has slowed too much, it will more than likely lower short-term rates in the third quarter.

FUND FACTS

GOAL: income and a stable \$1 share price by investing in high quality short-term money market securities issued or guaranteed by the U.S. government or government agencies

START DATE: November 3, 1981

SIZE: as of May 31, 1995, more than \$1.1 billion

MANAGER: Leland Barron, since 1991; manager, Spartan U.S. Government Money Market Fund, since 1991, and Spartan U.S. Treasury Money Market Fund, since 1991; joined Fidelity in 1981 (checkmark)

WORDS TO KNOW

AVERAGE MATURITY: The average maturity of debt securities in a fund, weighted by dollar amount. When the average maturity is short, the fund manager believes interest rates will rise. When the average maturity is long, the fund manager is expecting rates to fall. When the average maturity is neutral, the fund manager wants to have the flexibility to respond to rising rates, while still capturing a portion of the higher yields available from issues with longer maturities.

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

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

FEDERAL RESERVE: The system designed to regulate the U.S. monetary and banking system. If the Fed tightens the money supply, it decreases the amount of money available to the banking system, which generally causes interest rates to rise.

MATURITY: The amount of time remaining until a debt security

is scheduled to be redeemed.
 TREASURY OBLIGATION: Debt
 security issued directly by the
 U.S. government. Payment of
 principal and interest is
 guaranteed.

INVESTMENT CHANGES

MATURITY DIVERSIFICATION

DAYS	% OF FUND ASSETS		
	5/31/95	11/30/94	5/31/94
0 - 30	42	72	71
31 - 90	22	5	4
91 - 180	25	18	21
181 - 397	11	5	4

WEIGHTED AVERAGE MATURITY

	5/31/95	11/30/94	5/31/94
Fidelity U.S. Government Reserves	40 days	41 days	39 days
Average Government Money Market Fund*	41 days	38 days	41 days

ASSET ALLOCATION

AS OF MAY 31, 1995 AS OF NOVEMBER 30, 1994

Row: 1, Col: 1, Value: 55.0
 Row: 1, Col: 2, Value: 5.0
 Row: 1, Col: 3, Value: 39.0
 Row: 1, Col: 4, Value: 2.0
 Row: 1, Col: 1, Value: 52.0
 Row: 1, Col: 2, Value: 3.0
 Row: 1, Col: 3, Value: 44.0
 Row: 1, Col: 4, Value: 2.0

Federal agency
 issues 55%
 U.S. Treasury
 obligations 5%
 Repurchase
 agreements 39%
 Other 1%
 Federal agency
 issues 52%
 U.S. Treasury
 obligations 3%
 Repurchase
 agreements 44%
 Other 1%

* SOURCE: IBC/DONOGHUE'S MONEY FUND REPORT(registered trademark)
 INVESTMENTS MAY 31, 1995 (UNAUDITED)

Showing Percentage of Total Value of Investments

FEDERAL AGENCIES - 55.3%

DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)

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

FEDERAL FARM CREDIT BANK - AGENCY COUPONS (A) - 2.6%

6/1/95 6.25% \$ 33,000 \$ 32,944

FEDERAL HOME LOAN BANK - AGENCY COUPONS (A) - 4.7%

6/1/95 6.11 32,000 31,995

6/1/95 6.58 15,000 14,983

6/8/95 6.01 13,000 12,982

59,960

FEDERAL HOME LOAN BANK - DISCOUNT NOTES - 2.0%

6/13/95 6.83 15,000 14,967

7/6/95 6.71 10,320 10,255

25,222

FEDERAL NATIONAL MORTGAGE ASSOC. - AGENCY COUPONS (A) - 8.0%

6/1/95 6.02 61,000 61,000

6/1/95 6.60 40,000 40,000

101,000

FEDERAL NATIONAL MORTGAGE ASSOC. - DISCOUNT NOTES - 33.7%

6/2/95 6.51 16,000 15,997

6/28/95 6.40 30,000 29,860

7/6/95 6.71 9,530 9,470

7/11/95 6.73 15,000 14,891

8/4/95 6.00 19,000 18,800

8/4/95 6.01 38,000 37,600
 8/7/95 6.38 30,000 29,655
 8/8/95 6.38 9,000 8,895
 8/17/95 6.35 12,000 11,842
 9/1/95 5.81 51,000 50,243
 9/8/95 5.81 23,000 22,633
 9/14/95 6.28 46,000 45,184
 9/28/95 6.00 39,000 38,243
 10/10/95 6.17 23,000 22,500
 10/20/95 (e) 6.08 40,000 39,076
 11/2/95 6.12 32,000 31,188

426,077

STUDENT LOAN MARKETING ASSOC. - AGENCY COUPONS (A) - 4.3%

6/6/95 6.22 30,000 30,000
 6/30/95 5.48 23,600 23,600
 53,600

TOTAL FEDERAL AGENCIES 698,803

U.S. TREASURY OBLIGATIONS - 4.9%

DUE ANNUALIZED YIELD AT PRINCIPAL AMOUNT VALUE (NOTE 1)

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

U.S. TREASURY BILLS - 4.9%

8/24/95 5.47% \$ 32,000 \$ 31,612
 8/31/95 (d) 6.19 31,000 30,530
 62,142

MEDIUM-TERM NOTES (A) (C) - 0.6%

EXPORT-IMPORT BANK, U.S. (AS GUARANTOR FOR K.A. LEASING, LTD.)

6/15/95 6.06 8,089 8,089

REPURCHASE AGREEMENTS - 39.2%

MATURITY AMOUNT

(000S)

With First Boston Corporation:

At 5.97%, dated 5/31/95 due 8/22/95:

U.S. Government Obligations
 (principal amount \$47,102,243)
 5% to 12.25%, 1/1/04 to 1/1/33 \$ 45,619 45,000

In a joint trading account (Note 2)

(U.S. Government Obligations) :
 dated 5/31/95 due 6/1/95 at 6.19% 367,739 367,676
 dated 5/26/95 due 6/2/95 at 6.00% 45,053 45,000
 dated 5/15/95 due 6/14/95 at 6.18% (a) 37,192 (b) 37,000

TOTAL REPURCHASE AGREEMENTS 494,676

TOTAL INVESTMENTS - 100% \$ 1,263,710

Total Cost for Income Tax Purposes \$ 1,263,710

SECURITY TYPE ABBREVIATIONS

(a) The coupon rate shown on floating or adjustable rate securities represents the rate at period end. The due date on these types of securities reflects the next interest rate reset date or, when applicable, the final maturity date.

(b) The maturity amount is calculated based on the rate at period end.

(c) 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 \$8,089,000 or 0.7% of net assets.

(d) Security subject to repurchase within a specified time and at a specified price (see Note 2 of Notes to Financial Statements).

(e) Security segregated in custodian records for duration of reverse repurchase agreement (see Note 2 of Notes to Financial Statements).

INCOME TAX INFORMATION

At November 30, 1994 the fund had a capital loss carryforward of approximately \$460,000 of which \$429,000 and \$31,000 will expire on November 30, 1995 and 2001, respectively.

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

<TABLE>

<CAPTION>

<S>

AMOUNTS IN THOUSANDS (EXCEPT PER-SHARE AMOUNT) MAY 31, 1995 (UNAUDITED)

	<C>	<C>
1.ASSETS	2.	3.
4.Investment in securities, at value (including repurchase agreements of \$494,676) - See accompanying schedule	5.	\$ 1,263,710
6.Interest receivable	7.	2,594
8. 9.TOTAL ASSETS	10.	1,266,304

11.LIABILITIES	12.	13.
14.Payable for investments purchased	\$ 72,875	15.
16.Payable for reverse repurchase agreement	30,560	17.
18.Share transactions in process	1,626	19.
20.Accrued management fee	248	21.
22.Other payables and accrued expenses	382	23.
24. 25.TOTAL LIABILITIES	26.	105,691
27.28.NET ASSETS	29.	\$ 1,160,613
30.Net Assets consist of:	31.	32.
33.Paid in capital	34.	\$ 1,161,083
35.Accumulated net realized gain (loss) on investments	36.	(470)
37.38.NET ASSETS, for 1,161,083 shares outstanding	39.	\$ 1,160,613
40.41.NET ASSET VALUE, offering price and redemption price per share (\$1,160,613 (divided by) 1,161,083 shares)	42.	\$1.00

</TABLE>

STATEMENT OF OPERATIONS

<TABLE>

<CAPTION>

<S>

AMOUNTS IN THOUSANDS SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)

	<C>	<C>
43.44.INTEREST INCOME	45.	\$ 34,313
46.EXPENSES	47.	48.
49.Management fee	\$ 1,395	50.
51.Transfer agent fees	1,544	52.
53.Accounting fees and expenses	68	54.
55.Non-interested trustees' compensation	18	56.
57.Custodian fees and expenses	31	58.
59.Registration fees	120	60.
61.Audit	11	62.
63.Miscellaneous	5	64.
65. 66.TOTAL EXPENSES	67.	3,192
68.69.NET INTEREST INCOME	70.	31,121
71.72.NET REALIZED GAIN (LOSS) ON INVESTMENTS	73.	(63)
74.75.NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	76.	\$ 31,058

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

<S>

AMOUNTS IN THOUSANDS

	<C>	<C>	<C>
	SIX MONTHS ENDED MAY 31, 1995 (UNAUDITED)	TWO MONTHS ENDED NOVEMBER 30, 1994	YEAR ENDED SEPTEMBER 30, 1994
77.INCREASE (DECREASE) IN NET ASSETS			
78.Operations	\$ 31,121	\$ 8,785	\$ 35,202
Net interest income			

79. Net realized gain (loss)	(63)	-	(31)
80. 81.NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	31,058	8,785	35,171
82.Distributions to shareholders from net interest income	(31,121)	(8,785)	(35,202)
83.Share transactions at net asset value of \$1.00 per share Proceeds from sales of shares	763,530	275,603	1,705,793
84. Reinvestment of distributions from net interest income	29,850	8,212	33,487
85. Cost of shares redeemed	(762,373)	(214,138)	(1,722,647)
86.87. NET INCREASE (DECREASE) IN NET ASSETS AND SHARES RESULTING FROM SHARE TRANSACTIONS	31,007	69,677	16,633
88. 89.TOTAL INCREASE (DECREASE) IN NET ASSETS	30,944	69,677	16,602
90.NET ASSETS	91.	92.	93.
94. Beginning of period	1,129,669	1,059,992	1,043,390
95. End of period	\$ 1,160,613	\$ 1,129,669	\$ 1,059,992

</TABLE>

<S>	<C> SIX MONTHS ENDED MAY 31, 1995	<C> TWO MONTHS ENDED NOVEMBER 30,	<C> YEARS ENDED SEPTEMBER 30,	<C>	<C>	<C>	<C>
96.							
97.	(UNAUDITED)	1994	1994	1993	1992	1991	1990
98.SELECTED PER-SHARE DATA							
99.Net asset value, beginning of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
100.Income from Investment Operations Net interest income	.028	.008	.033	.025	.039	.061	.076
101.Less Distributions From net interest income	(.028)	(.008)	(.033)	(.025)	(.039)	(.061)	(.076)
102.Net asset value, end of period	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
103.TOTAL RETURN B	2.78%	0.78%	3.32%	2.57%	3.95%	6.29%	7.86%
104.RATIOS AND SUPPLEMENTAL DATA							
105.Net assets, end of period (in millions)	\$ 1,161	\$ 1,130	\$ 1,060	\$ 1,043	\$ 1,292	\$ 1,436	\$ 1,581
106.Ratio of expenses to average net assets	.56%A	.36%A	.51%	.73%	.73%	.72%	.74%
107.Ratio of net interest income to average net assets	5.45%A	4.77%A	3.27%	2.57%	3.88%	6.13%	7.66%

</TABLE>

A ANNUALIZED

B TOTAL RETURNS FOR PERIODS OF LESS THAN ONE YEAR ARE NOT ANNUALIZED.

FINANCIAL HIGHLIGHTS

NOTES TO FINANCIAL STATEMENTS

For the period ended May 31, 1995 (Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES.

Fidelity U.S. Government Reserves (the fund) is a fund of Fidelity Phillips Street Trust (the trust) and is authorized to issue an unlimited number of shares. The trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company. At a special meeting of the shareholders of the fund held on September 21, 1994 shareholders approved an Agreement and Plan of Conversion and Termination (the Plan of Conversion), providing for the conversion of the fund from a separate series of a Massachusetts business trust, to a separate series of a Delaware business trust, effective January 13, 1995. The individual investment objective, policies and limitations of the fund remain the same. On March 17, 1994, the Board of Trustees approved a change in the fiscal year-end of the fund from September 30 to November 30. The following summarizes the significant accounting policies of the fund: SECURITY VALUATION. As permitted under Rule 2a-7 of the 1940 Act, and certain conditions therein, securities are valued initially at cost and thereafter assume a constant amortization to maturity of any discount or premium.

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

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

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

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

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

2. OPERATING POLICIES.

JOINT TRADING ACCOUNT. Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the fund, along with other affiliated entities of Fidelity Management & Research Company (FMR), may transfer uninvested cash balances into one or more joint trading accounts. These balances are invested in one or more repurchase agreements that mature in 60 days or less from the date of purchase, and are collateralized by U.S. Treasury or Federal Agency obligations.

REPURCHASE AGREEMENTS. The fund, through its custodian, receives delivery of the underlying securities, whose market value is required to be at least 102% of the resale price at the time of

2. OPERATING POLICIES -

CONTINUED

REPURCHASE AGREEMENTS - CONTINUED

purchase. The fund's investment adviser, FMR, is responsible for determining that the value of these underlying securities remains at least equal to the resale price.

REVERSE REPURCHASE AGREEMENTS.

At all times that a reverse repurchase agreement is outstanding, the fund identifies cash and liquid securities as segregated in its custodian records with a value at least equal to its obligation under the agreement. On May 31, 1995, the fund had a reverse repurchase agreement amounting to \$30,550,000 at 5.85% outstanding. The agreement, which matured June 1, 1995, was collateralized by \$40,000,000 of Federal National Mortgage Association Discount Notes due October 20, 1995.

3. JOINT TRADING ACCOUNT.

At the end of the period, the fund had 20% or more of its total investments in repurchase agreements through a joint trading account. These repurchase agreements were with entities whose creditworthiness has been reviewed and found satisfactory by FMR. The maturity values of the joint trading account investments having variable rates are calculated based on the rate at period end. The maturity values of the joint trading account investments were \$367,739,256 at 6.19%, \$45,052,500 at 6.00% and \$37,190,550 at 6.18%. The investments in repurchase agreements through the joint trading account are summarized as follows:

SUMMARY OF JOINT TRADING ACCOUNT

DATED MAY 31, 1995 DUE JUNE 1, 1995 AT 6.19%

Number of Dealers or Banks 5

Maximum Amount With One Dealer or Bank 45%

Aggregate Principal Amount of Agreements \$2,000,000,000

Aggregate Maturity Amount of Agreements \$2,000,344,083

Aggregate Market Value of Collateral \$2,049,561,080

Coupon Rates of Collateral 0% - 15.75%

Maturity Dates of Collateral 6/1/95 to 5/1/25

DATED MAY 26, 1995 DUE JUNE 2, 1995 AT 6.00%

Number of Dealers or Banks 1

Maximum Amount With One Dealer or Bank 100%

Aggregate Principal Amount of Agreements \$300,000,000

Aggregate Maturity Amount of Agreements \$300,350,000

Aggregate Market Value of Collateral \$310,292,183

Coupon Rates of Collateral 5.206% - 7.705%

Maturity Dates of Collateral 9/1/24 to 1/1/35

3. JOINT TRADING ACCOUNT - CONTINUED

SUMMARY OF JOINT TRADING ACCOUNT

DATED MAY 15, 1995 DUE JUNE 14, 1995 AT 6.18% (A)

Number of Dealers or Banks 1

Maximum Amount With One Dealer or Bank 100%

Aggregate Principal Amount of Agreements \$250,000,000

Aggregate Maturity Amount of Agreements \$251,300,000

Aggregate Market Value of Collateral \$258,576,819

Coupon Rates of Collateral 5.206% - 7.705%

Maturity Dates of Collateral 9/1/24 to 1/1/35

(a) = Variable rate

4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES.

MANAGEMENT FEE. As the fund's investment adviser, FMR receives a monthly fee that is calculated by multiplying the sum of two components by the fund's average net assets and adding an income-based fee. One component, the group fee rate, is the weighted average of a series of rates and is based on the monthly average net assets of all the mutual funds advised by FMR. The rates ranged from .1200% to .3700% for the period. The other component, the individual fund fee rate, is 0.03%. The income-based fee is added only when the fund's yield exceeds 5%. At that time the income-based fee would equal 6% of that portion of the fund's gross income that represents a gross yield of more than 5% per year. The maximum income-based component is 0.24% (annualized) of average net assets. For the period, the management fee was equivalent to an annualized rate of .24% of average net assets.

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

TRANSFER AGENT FEES. Fidelity Service Co. (FSC), an affiliate of FMR, is the fund's transfer, dividend disbursing and shareholder servicing agent. During the period December 1 to December 31, 1994, FSC received fees based on the type, size, number of accounts and the number of transactions made by shareholders. Effective January 1, 1995, the Board of Trustees approved a revised transfer agent contract pursuant to which FSC receives account fees and asset-based fees that vary according to account size and type of account. FSC pays for typesetting, printing and mailing of all shareholder reports, except proxy statements.

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

TO WRITE FIDELITY

If more than one address is listed, please locate the address that is closest to you. We'll give your correspondence immediate attention and send you written confirmation upon completion of your request.

(LETTER_GRAPHIC) MAKING CHANGES

TO YOUR ACCOUNT

(such as changing name, address, bank, etc.)

Fidelity Investments

P.O. Box 770001

Cincinnati, OH 45277-0002

(LETTER_GRAPHIC) FOR NON-RETIREMENT

ACCOUNTS

BUYING SHARES

Fidelity Investments

P.O. Box 770001

Cincinnati, OH 45277-0003

OVERNIGHT EXPRESS

Fidelity Investments

100 Crosby Parkway - KP2C

Covington, KY 41015-4399

SELLING SHARES

Fidelity Investments

P.O. Box 193

Boston, MA 02210-0193

Fidelity Investments

P.O. Box 660602

Dallas, TX 75266-0602

Fidelity Investments

P.O. Box 30281

Salt Lake City, UT 84130-0281

OVERNIGHT EXPRESS

Fidelity Investments

Attn: Redemptions

World Trade Center

164 Northern Avenue

Boston, MA 02210

GENERAL CORRESPONDENCE

Fidelity Investments

P.O. Box 193
Boston, MA 02210-0193
(LETTER_GRAPHIC) FOR RETIREMENT
ACCOUNTS
BUYING SHARES
Fidelity Investments
P.O. Box 770001
Cincinnati, OH 45277-0003
SELLING SHARES
Fidelity Investments
P.O. Box 660602
Dallas, TX 75266-0602
GENERAL CORRESPONDENCE
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P.O. Box 660602
Dallas, TX 75266-0602
TO VISIT FIDELITY

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

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7373 N. Scottsdale Road
Scottsdale, AZ
CALIFORNIA
851 East Hamilton Avenue
Campbell, CA
527 North Brand Boulevard
Glendale, CA
19100 Von Karman Avenue
Irvine, CA
10100 Santa Monica Blvd.
Los Angeles, CA
811 Wilshire Boulevard
Los Angeles, CA
251 University Avenue
Palo Alto, CA
1760 Challenge Way
Sacramento, CA
7676 Hazard Center Drive
San Diego, CA
455 Market Street
San Francisco, CA
1400 Civic Drive
Walnut Creek, CA
COLORADO
1625 Broadway
Denver, CO
CONNECTICUT
185 Asylum Street
Hartford, CT
265 Church Street
New Haven, CT
300 Atlantic Street
Stamford, CT
DELAWARE
222 Delaware Avenue
Wilmington, DE
FLORIDA
4400 N. Federal Highway
Boca Raton, FL
90 Alhambra Plaza
Coral Gables, FL
4090 N. Ocean Boulevard
Ft. Lauderdale, FL
4001 Tamiami Trail, North
Naples, FL
1907 West State Road 434
Orlando, FL
2401 PGA Boulevard
Palm Beach Gardens, FL
8065 Beneva Road
Sarasota, FL
2000 66th Street, North
St. Petersburg, FL
GEORGIA
3525 Piedmont Road, N.E.
Atlanta, GA
1000 Abernathy Road
Atlanta, GA
HAWAII
700 Bishop Street
Honolulu, HI
ILLINOIS
215 East Erie Street

Chicago, IL
One North Franklin
Chicago, IL
540 Lake Cook Road
Deerfield, IL
1415 West 22nd Street
Oak Brook, IL
1700 East Golf Road
Schaumburg, IL
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New Orleans, LA
MAINE
3 Canal Plaza
Portland, ME
MARYLAND
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Bethesda, MD
1 West Pennsylvania Ave.
Towson, MD
MASSACHUSETTS
470 Boylston Street
Boston, MA
21 Congress Street
Boston, MA
25 State Street
Boston, MA
300 Granite Street
Braintree, MA
44 Mall Road
Burlington, MA
416 Belmont Street
Worcester, MA
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Ladue, MO
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60B South Street
Morristown, NJ
501 Route 17, South
Paramus, NJ
505 Millburn Avenue
Short Hills, NJ
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Garden City, NY
999 Walt Whitman Road
Melville, L.I., NY
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Americas
New York, NY
71 Broadway
New York, NY
350 Park Avenue
New York, NY
10 Bank Street
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Charlotte, NC
2200 West Main Street
Durham, NC
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Cincinnati, OH
28699 Chagrin Boulevard
Woodmere Village, OH
1903 East Ninth Street
Cleveland, OH
OREGON
121 S.W. Morrison Street
Portland, OR
PENNSYLVANIA

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222 East Wisconsin Avenue
Milwaukee, WI

TO CALL FIDELITY

FOR FUND INFORMATION AND QUOTES

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

YOUR PERSONAL IDENTIFICATION NUMBER
(PIN)

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

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

Please have your Customer Number (T-account #) handy when you call - you'll need it to establish your PIN. If you would ever like to change your PIN, just choose the "Change your Personal Identification Number" option when you call. If you forget your PIN, please call a Fidelity representative at 1-800-544-6666 for assistance.

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

Just make a selection from this record-ed menu:
PRESS

- For quotes on funds you own.
1. For an individual fund quote.
 2. For the ten most frequently requested Fidelity fund quotes.
 3. For quotes on Fidelity Select Portfolios (registered trademark).
 - 4.

To change your Personal
Identification Number (PIN).

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To speak with a Fidelity
representative.

6.

(PHONE_GRAPHIC) (PHONE_GRAPHIC) MUTUAL FUND ACCOUNT
BALANCES 1-800-544-7544

Just make a selection from this record-
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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
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INVESTMENT IN
A MONEY MARKET FUND IS NOT INSURED OR GUARANTEED BY THE U.S. GOVERNMENT.
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INVESTMENT ADVISER

Fidelity Management & Research

Company

Boston, MA

(registered trademark)

SUB-ADVISER

FMR Texas Inc.

Irving, TX

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