

Eric Kobren's [www.fidelityinsight.com](http://www.fidelityinsight.com)  
**FIDELITY INSIGHT**  
 THE INDEPENDENT REPORT ON FIDELITY FUNDS

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VOLUME 25, NUMBER 1

**ERIC'S OUTLOOK**

***Gloomy Economic Outlook  
 Creates Plenty of Opportunity***

As I said last month, the economy is in tough shape – and it is going to get worse before it gets better (but it will eventually get better!). I am convinced that despite the aggressive steps taken by this administration and the one about to move in, the current recession is likely to be the worst since 1973-'75. It may even turn out to be deeper and last longer than that very rough downturn.



*Eric M. Kobren*

Business stinks. Car sales have fallen off a cliff. 148,000 retail stores have closed, and more will shutter now that the Christmas selling season is behind us. Housing inventories remain stubbornly

high. Mortgage defaults continue to rise, despite aggressive help from the government. Layoffs are sending our unemployment rolls soaring. Last month, I said that we could see 8-10% unemployment. Now, I think that might be an understatement. Personal and corporate bankruptcies will hit record levels in 2009.

But, as bad as these issues are, they are covered by the press on a daily basis and are (at least to a large extent) already baked into stock and bond prices. So, what concerns me most about the 2009 economy? Here you go.

***Further Harm To Financial Institutions***

Problems with residential real estate loans going bad sparked the initial crisis among banks and other financial institutions. In 2009, I worry that commercial real estate loans going bad will mark the next phase of the crisis. Real

estate deals done over the past decade reflected an unlimited supply of cheap capital. Highly leveraged transactions, assumed ridiculously high rent hikes and pegged very low capitalization rates.

On top of that, credit card debt (which has soared in recent years) is experiencing rising default rates. Banks expect defaults to hit 7% this year and perhaps 10% by the end of 2009 up from an average of 5% for the past decade. The press hasn't covered this much, but it will.

***State/Local Government Budget Woes***

Municipalities are starting to see the drop in revenues, but the downward slope will get steeper throughout 2009, and beyond. The simultaneous drop in new construction and real estate values are only starting to hit local government budgets. That's because real estate appraisals lag real estate tax bills by about 18 months. Sure, local governments will try to increase their tax rates to make up for the decline in real estate values, but they will be met by some very angry residents.

We're starting to see some California towns in trouble, and these same problems will spread to other areas caught up in the real estate frenzy, like Nevada, Arizona and Florida. But, it won't end there, as the Midwest states see their tax revenues decline as a direct result of the auto industry problems. Keep in mind that while the Federal government can run printing presses all day (and night!), state and local governments cannot. TARP and the auto bailout will pale compared to the potential needs of state and local governments. (That's why we have reduced our ratings on all state muni bond funds to *Hold*.)

***Government Interventionism Gone Wild?***

Over the past several months we've seen the Federal government step in with funds to bail out banks in an attempt to solve the housing crisis. What happened? Just about every non-bank financial institution applied to become a bank, so they'd be eligible to receive TARP funds. Then the government changed the rules on how the money was to be distributed. Well intentioned as it may have been, I don't think the government intervention could be called a success.

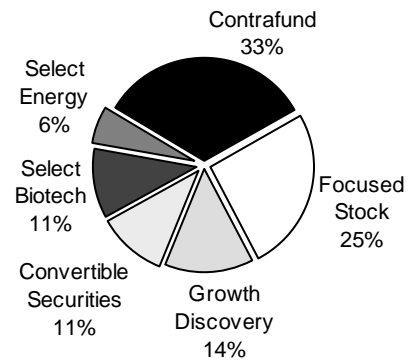
More recently, the government threw some more of

**INSIDE INSIGHT**

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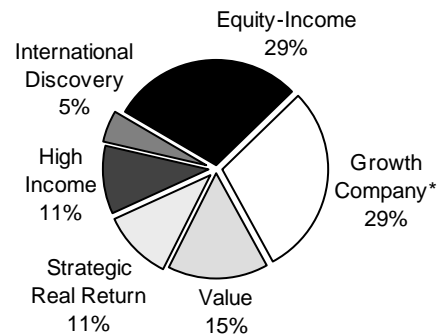
# FIDELITY INSIGHT MODEL PORTFOLIOS - DECEMBER 31, 2008

| Aggressive Growth Model            |        | Rel Vol: 1.13 | Est. Yield: 1.0% | 2008 Return: -42.0% |                               |              |
|------------------------------------|--------|---------------|------------------|---------------------|-------------------------------|--------------|
| Current Asset Allocation           |        | Stocks 81.5%  | Bonds 0.0%       | Cash 8.6%           | Alternative <sup>1</sup> 9.9% | Foreign 8.7% |
| Holdings                           | Ticker | Alloc         | NAV              | Shares              | Value                         | Dec. Ret     |
| Contrafund                         | FCNTX  | 33%           | \$45.26          | 841.40              | \$38,082                      | 1.7%         |
| Focused Stock                      | FTQGX  | 25            | 8.83             | 3,197.95            | 28,238                        | 0.2          |
| Growth Discovery                   | FDSVX  | 14            | 8.61             | 1,787.40            | 15,390                        | -0.3         |
| Convertible Securities             | FCVSX  | 11            | 14.00            | 855.63              | 11,979                        | 5.9          |
| Select Biotechnology               | FBIOX  | 11            | 59.11            | 209.87              | 12,405                        | 8.5          |
| Select Energy                      | FSENX  | 6             | 30.08            | 217.11              | 6,531                         | -5.6         |
| Current Value (4/7/99 = \$100,000) |        |               |                  |                     | \$112,624                     | 1.1%         |



For aggressive members who have no need for income or principal for more than 10 years. Target volatility range: 0.50-1.50.

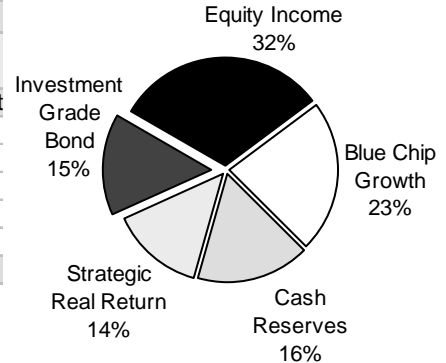
| Growth Model                       |        | Rel Vol: 1.08 | Est. Yield: 3.5% | 2008 Return: -38.2% |                                |               |
|------------------------------------|--------|---------------|------------------|---------------------|--------------------------------|---------------|
| Current Asset Allocation           |        | Stocks 76.6%  | Bonds 3.8%       | Cash 2.5%           | Alternative <sup>1</sup> 17.2% | Foreign 12.2% |
| Holdings                           | Ticker | Alloc         | NAV              | Shares              | Value                          | Dec. Ret      |
| Equity-Income                      | FEQIX  | 29%           | \$30.87          | 7,135.92            | \$220,286                      | 1.7%          |
| Growth Company*                    | FDGRX  | 29            | 48.96            | 4,426.63            | 216,728                        | 3.9           |
| Value                              | FDVLX  | 15            | 39.86            | 2,787.82            | 111,122                        | 4.3           |
| Strategic Real Return              | FSRRX  | 11            | 6.86             | 11,650.89           | 79,925                         | 2.7           |
| High Income                        | SPHIX  | 11            | 6.04             | 13,257.38           | 80,075                         | 5.2           |
| International Discovery            | FIGRX  | 5             | 23.63            | 1,539.23            | 36,372                         | 7.2           |
| Current Value (1/1/87 = \$100,000) |        |               |                  |                     | \$744,508                      | 3.4%          |



\*Closed; new members use **Blue Chip Growth** (FBGRX).

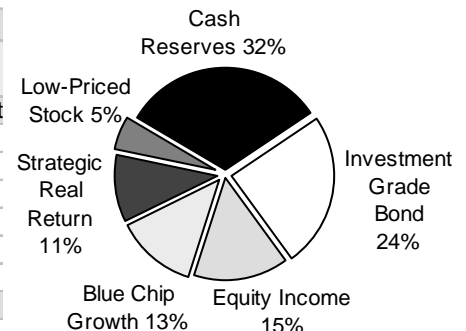
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

| Growth & Income Model              |        | Rel Vol: 0.73 | Est. Yield: 3.5% | 2008 Return: -26.5% |                               |              |
|------------------------------------|--------|---------------|------------------|---------------------|-------------------------------|--------------|
| Current Asset Allocation           |        | Stocks 52.0%  | Bonds 19.1%      | Cash 19.1%          | Alternative <sup>1</sup> 9.7% | Foreign 5.6% |
| Holdings                           | Ticker | Alloc         | NAV              | Shares              | Value                         | Dec. Ret     |
| Equity Income                      | FEQIX  | 32%           | \$30.87          | 6,766.11            | \$208,870                     | 1.7%         |
| Blue Chip Growth                   | FBGRX  | 23            | 26.31            | 5,645.06            | 148,522                       | 1.2          |
| Cash Reserves                      | FDRXX  | 16            | 1.00             | 108,116.91          | 108,117                       | 0.2          |
| Strategic Real Return              | FSRRX  | 14            | 6.86             | 13,332.36           | 91,460                        | 2.7          |
| Investment Grade Bond              | FBNDX  | 15            | 6.35             | 15,962.72           | 101,363                       | 3.0          |
| Current Value (1/1/87 = \$100,000) |        |               |                  |                     | \$658,331                     | 1.7%         |



A good choice for members retiring in five-10 years looking for less volatility than the market. Seeks a yield in excess of the S&P 500. Target volatility range: 0.25-0.75.

| Income & Preservation Model        |        | Rel Vol: 0.55 | Est. Yield: 3.5% | 2008 Return: -18.4% |                               |              |
|------------------------------------|--------|---------------|------------------|---------------------|-------------------------------|--------------|
| Current Asset Allocation           |        | Stocks 31.0%  | Bonds 26.6%      | Cash 35.1%          | Alternative <sup>1</sup> 7.2% | Foreign 4.4% |
| Holdings                           | Ticker | Alloc         | NAV              | Shares              | Value                         | Dec. Ret     |
| Cash Reserves                      | FDRXX  | 32%           | \$1.00           | 140,154.08          | \$140,154                     | 0.2%         |
| Investment Grade Bond              | FBNDX  | 24            | 6.35             | 16,515.33           | 104,872                       | 3.0          |
| Equity Income                      | FEQIX  | 15            | 30.87            | 2,082.46            | 64,286                        | 1.7          |
| Blue Chip Growth                   | FBGRX  | 13            | 26.31            | 2,076.49            | 54,632                        | 1.2          |
| Strategic Real Return              | FSRRX  | 11            | 6.86             | 6,659.06            | 45,681                        | 2.7          |
| Low-Priced Stock                   | FLPSX  | 5             | 23.12            | 999.19              | 23,101                        | 8.6          |
| Current Value (1/1/87 = \$100,000) |        |               |                  |                     | \$432,727                     | 2.3%         |



For members needing income and protection of their purchasing power against inflation. Seeks a yield at least twice the S&P 500. Target volatility range: 0.10-0.50.

<sup>1</sup>Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account, however redemption and exchange fees are included. Figures may be rounded. Dividends are reinvested. Consider the tax implications of trades before you decide to buy or sell any fund. Any trades are detailed on p. 3 and are announced on Friday evening Hotline updates via telephone, e-mail, and web (see p. 16). **Annuity Model Portfolios** are on p. 10.

our money (okay, it was a mere \$17 billion) at General Motors and Chrysler. Who will be next to line up before Congress for a handout? I know that these are difficult times, but I fear we are going down a slippery slope of government intervention. Sounds like socialism to me...

The government is trying to solve our economic woes through monetary and fiscal stimulus. The Fed funds rate was slashed three-quarters of a percent to a mere 0.25%. This is similar to the steps taken by Japan in 1999. Look where it got them.

At the same time our budget deficit will go through the roof, as bailouts mushroom. Deficits will increase further as work programs materialize under the Obama Administration.

Many respected economists dismiss the notion that this will be inflationary. Indeed, right now we are experiencing rapid deflation as prices for oil and nearly every other commodity declines, and prices for finished goods also become cheaper.

The "good" news is that I don't believe this massive printing of dollars and complete disregard for balanced budgets will come home to roost any time soon. The bad news, in my humble opinion, is that it will ultimately translate into a weak U.S. dollar, renewed inflation and a reduced standard of living for our children.

Okay, that's enough political and economic rhetoric. Sure times will be tough in 2009 and beyond. But, from an investment standpoint, the situation looks much different. **In fact, there should be solid investment opportunities unfolding in 2009.**

**The Market Will Recover First**

"If things turn out as badly as you fear, how can this be," you might well

**WHICH FUNDS SHOULD YOU BUY NOW!**

**Equity Funds: Blue Chip Growth** provides exposure to high-quality, large-cap stocks. **Growth Discovery** buys companies of all market capitalizations, while focusing on those that exhibit relatively higher growth potential.

**Specialty Funds: Strategic Real Return** uses a rich mix of four sub-portfolios to provide inflation protection and portfolio diversification.

**Convertible Securities** is for bargain-hunters willing to take some risk.

**Fixed-Income Funds: Investment Grade Bond** provides exposure to higher-yielding corporates. **Select Money Market** and **Cash Reserves** are our preferred choices when looking for safety in principal.

**International Funds:** We're generally not big fans of foreign stock funds right now. But for long-term investors, **International Discovery** has some exposure to faster-growing emerging markets. ■

be asking. Well, there are a number of reasons. First, let me say that the market could easily get worse before it gets better next year. But remember, the market is always several steps ahead of the economy and it will start to recover before there is clear evidence that the economy is turning.

One catalyst for a recovery in stocks could be corporate earnings. For example, despite my concern over

rising credit card defaults, the fact is that banks are preparing for those higher default rates now by increasing their reserves for bad debts. This depresses their earnings today, not when those loans actually default (unless they default at even higher than expected rates).

Moreover, companies have been

*Eric's Outlook cont'd on page 4*

**MODEL PORTFOLIO TRADES**

As announced on our Dec. 26 Hotline, effective Monday, Dec. 29, we made several Model Portfolio trades. Please note that Select Health Care has a 0.75%/30-day short-term trading fee.

| Action                    | Fund                   | Shares   | Price   | Value       | Old% | New% |
|---------------------------|------------------------|----------|---------|-------------|------|------|
| <b>Aggressive Growth:</b> |                        |          |         |             |      |      |
| Sold :                    | Mega Cap Stock         | 4,085.74 | \$6.70  | \$27,374.44 | 25%  | 0%   |
| Bought:                   | Focused Stock          | 3,197.94 | \$8.56  | \$27,374.44 | 0%   | 25%  |
| Sold:                     | Equity-Income          | 393.79   | \$29.55 | \$11,636.61 | 11%  | 0%   |
| Bought:                   | Convertible Securities | 855.63   | \$13.60 | \$11,636.61 | 0%   | 11%  |
| Sold:                     | Sel Health Care        | 152.44   | \$78.71 | \$11,998.29 | 11%  | 0%   |
| Bought:                   | Sel Biotechnology      | 209.87   | \$57.17 | \$11,998.29 | 0%   | 11%  |

**Income & Preservation:**

|         |                  |          |         |             |     |     |
|---------|------------------|----------|---------|-------------|-----|-----|
| Sold :  | Dividend Growth  | 3,514.80 | \$15.00 | \$52,721.96 | 13% | 0%  |
| Bought: | Blue Chip Growth | 2,076.49 | \$25.39 | \$52,721.96 | 0%  | 13% |

In the Aggressive Model, Manager Steve DuFour has shown solid stockpicking skills in the concentrated **Focused Stock** fund. With **Convertible Securities** we are taking advantage of distressed values (see *Outlook*), and we are focusing on the most attractive area within health care by moving into **Biotechnology**. In the Income & Preservation Model, since **Dividend Growth** has become almost a mid-cap fund under new manager Larry Rakers (and we still favor large caps), we are moving into **Blue Chip Growth**.

**ANNUAL MODEL PORTFOLIO RETURNS (%)**

| Model   | '87  | '88  | '89  | '90  | '91  | '92  | '93  | '94  | '95  | '96  | '97  | '98 | '99  | '00  | '01   | '02   | '03  | '04  | '05  | '06  | '07  |
|---------|------|------|------|------|------|------|------|------|------|------|------|-----|------|------|-------|-------|------|------|------|------|------|
| Ag Grth |      |      |      |      |      |      |      |      |      |      |      |     | 31.4 | -8.4 | -20.9 | -15.8 | 36.6 | 14.8 | 17.9 | 14.2 | 14.5 |
| Growth  | 20.8 | 18.9 | 34.3 | 1.0  | 24.7 | 13.0 | 18.0 | -0.1 | 23.9 | 13.8 | 17.2 | 3.3 | 30.7 | -2.1 | -2.7  | -14.0 | 33.0 | 14.4 | 11.1 | 11.8 | 7.8  |
| Gr & In | 5.8  | 14.8 | 29.1 | -1.3 | 24.6 | 14.2 | 18.2 | -0.1 | 23.1 | 18.7 | 20.9 | 6.3 | 22.6 | -2.1 | -4.0  | -9.7  | 27.1 | 11.5 | 5.2  | 10.2 | 7.3  |
| In & Pr | 1.3  | 10.2 | 17.7 | 0.8  | 20.9 | 11.4 | 16.7 | -2.8 | 21.1 | 19.0 | 18.0 | 5.2 | 13.4 | -1.4 | -5.6  | -6.8  | 18.9 | 7.0  | 3.5  | 7.2  | 5.2  |

writing off everything they can since there was no incentive to come out with any good news as their stocks would get punished anyway (more on that in a bit). For the four quarters ended this past September, reported earnings were down over 40% from a year earlier. This sets the stage for easier comparisons going forward. In fact, even though earnings expectations for the fourth quarter of this year have fallen about 20% since October, they are still expected to be sharply higher than last year's fourth quarter when the first big wave of write downs took place.

### **Stockpicking Will Be Key**

We've just gone through a horrendous market decline. It didn't make a difference what you bought, you lost money ... a lot of money.

But it won't be that way on the way up. There will be poorly run companies that don't survive. They will (and should) be put out of business.

The survivors should be those companies with healthier balance sheets, better products/services, etc. Not only will these companies survive, but they will prosper as the weaker competi-

tion falls by the wayside.

Take the case of banks. In just the past month, some have seen mortgage applications increase 8 to 10 times! Add to this a much more disciplined, conservative approach to managing their balance sheets and you have to believe that some financial institutions will come out of this difficult period stronger and more profitable than ever.

I just mentioned 148,000 retail store closings, with more on the way. Does that mean you should avoid all retail stocks? Of course not. I don't follow individual companies, but we've all heard about how well Wal-Mart and McDonald's are doing. And wouldn't Best Buy do better if Circuit City closed their doors?

A good friend and money manager and I were recently bemoaning the fact the market just doesn't care; it makes no difference whether a company is doing well, or not — it's getting hammered. But, that is exactly what presents us with investment opportunities.

2009 will be a stockpicker's market as identifying those winners will be key. **Diversifying your money across asset classes with good managers — what we try to do for**

**you with our model portfolios — is your best recipe for success.**

### **Corporate Bonds Attractive Versus Treasuries**

During normal times, predicting the economy is a difficult game, at best. Today's volatility in the economy and market, make such a task even more difficult. For this reason, it would be foolish to make a major market call.

On the other hand, these are tough economic times, and we are going to see many companies go bankrupt. For this reason, investing in bond funds and other securities that are senior to common stocks, is a reasonable strategy. If you can afford some risk, look at **Investment Grade Bond**. It is currently yielding a none-too-shabby 6.4%. Compare that to **Spartan Intermediate-Term Treasury's** paltry yield of 1.8%. For the more adventurous, high-yield funds offer a tremendous opportunity, even if default rates increase.

I also like **Convertible Securities**, and we've just added it to our Aggressive Growth Model Portfolio. Down 47.8% in 2008, this asset class has been absolutely decimated as investors indiscriminately threw the baby out with the bath water. ■

#### **FUND UPDATES**

### **Low-Priced Stock And Contra Re-open**

Following Fidelity's decision a year ago to fully re-open **Magellan** to new investors, **Contrafund**, **Low-Priced Stock** and **Japan Smaller Cos.** followed suit last month, leaving only **Growth Company** and **Small Cap Stock** as the only closed stock funds.

These moves haven't surprised us. In fact, we've recently suggested such a move. It's difficult to run a fund when redemptions are high and liquidity is scarce. Indeed, steady and modest inflows are the optimal conditions for a manager.

While a smaller asset base can benefit a manager who prefers to buy smaller-cap stocks, such as Manager

Joel Tillinghast on Low-Priced Stock, outflows still present a dilemma. When an attractive stock is found, he needs to make two good decisions instead of just one: What must he sell in order to buy? However, when cash is steadily flowing into the fund, he needn't sell anything — Joel can simply buy.

Unlike Low-Priced Stock whose performance in recent years may have been hamstrung by its huge asset size, Contrafund's manager, Will Danoff, has had no such problem. While Contra kept pace with the S&P 500 last year (-37.2% vs. -37.0% for the index), it's beating that benchmark over the past 3- and 5-year periods. Moreover, Danoff's 18-year record remains stellar. And we're not alone in noticing. At the start of 2008,

Contra's assets were about \$81 billion, and are now down 44% to \$45 billion. But the vast majority of that decline (37%) was simply due to the market decline.

### **Action Recommendations**

So, should you stay with Contra and/or Low-Priced Stock if you already own them? Yes. But, what if you don't own them, should you?

Danoff and Tillinghast are among Fidelity's most talented managers. Although we don't see their fund reopenings as a signal that the stock market itself is about to turn a corner, we have enough confidence in these managers to say that once stocks do turn higher, both funds will be well positioned to thrive from the improved investment climate. ■

## Tips For Following Our Model Portfolios

Our four Model Portfolios, found on page 2, are among the most popular features in *Fidelity Insight*. Some members follow a particular model, down to the tenth of a percentage point. Others choose to create their own portfolios, but use our models as a guide. Either way is fine, although the latter requires more work and constant supervision on your part.

As we enter the new year, given the market declines and gloomy economy, members are rightfully questioning whether or not they are in the right model and, if not, how to switch to one that better suits their needs.

First off, there is no magic formula for determining which model is most appropriate for you. We give you a broad guideline found right below each model. But these are just guidelines.

Some factors to consider are strictly based on financial analysis.

### Note on Relative Volatilities

You may notice some changes in the relative volatilities of funds in the *Scorecard*. In calculating the figure, we have gone back to the traditional method of using 3 years of monthly returns rather than 1 year of daily returns.

Many websites (including Fidelity's) offer tools that will take the value of your current portfolio, your expected savings rate and life expectancy and suggest an appropriate allocation. Some variations on this are even more complex, using "Monte Carlo" simulations to provide probabilities of a particular allocation that should give you enough money to last your lifetime.

While my accounting and engineering friends love this type of analysis, it is just part of the story. To be successful you also have to integrate your own personal objectives and tolerance for risk. You have to really be honest with yourself on how you handle the two most dangerous investing emotions: *greed* and *fear*. Fifteen months ago (October 2007), many members

were consumed with **greed**. They were looking to get more aggressive and enhance their returns. Today, things are very different. Members are overwhelmed with **fear**. They just want to keep what they have and are understandably scared that they will lose more of their nest egg.

Letting either one of these emotions dominate your investing is what ruins many folks' best laid plans. I strongly suggest that you understand how you handle these emotions and how they can unduly influence your investment decisions.

As longtime readers know, I generally prefer to **follow the least risky investment strategy that will fulfill my investment objective**. There is nothing wrong with a 40-year old professional, earning a six-figure income declaring that he feels more comfortable following our conservative Income & Preservation Model. Nor is there anything wrong with a 70-year-old parking her \$10 million nest egg in Treasuries, and living off the modest yield!

However, there is something definitely wrong with a soon-to-be retired (or already retired!) middle-class member following our Growth Model portfolio with their entire nest egg!

Lastly, as I've constantly reminded members over the past 23 years, your portfolio structure should be based on your own personal objective and risk tolerance, and **NOT** where you think the market is headed next month, or next year.

### Getting Back On Track

For those who want to get back on track and follow a more appropriate model, I recognize it is not an easy task; from tax issues, to market timing concerns, to figuring out all the actual trades.

But, please heed this advice! Do not let taxes, or where you think the market will be six months from now dictate your decision. Over the years I have made some very stupid investment decisions in the name of minimizing taxes. My advice is to ignore

tax consequences in all but the most extreme circumstances. In most cases the tax benefit is really the time value of the tax saving, rather than avoiding taxes all together. Plus, you can bet your bottom dollar that taxes are going up. So paying today's (lower) tax rates may actually be prudent.

The best way to go from one model to another, is to set up a specific trading schedule, and execute it over the next several months. It gets you going in the right direction and takes away the market timing calls that inevitably lead to *analysis paralysis*. Let's look at a hypothetical example.

Mr. & Mrs. Smith began following *Fidelity Insight's* Growth Model with their nest egg 20 years ago. He passed away five years ago. And though retired, she has continued to follow the model religiously, despite needing income to supplement her Social Security for everyday living expenses. It's clearly time to move out of the Growth Model to our Income & Preservation Model. The market value of her portfolio at year end is \$600,000.

I'd recommend that Mrs. Smith immediately take 1/3 of her portfolio (\$200,000) and allocate it to the Income and Preservation Model. I would not sell a particular fund or funds from the Growth Model, nor would I buy a particular fund or two in the I&P Model. Instead, I would sell 1/3 of all my positions in the Growth Model, and use the proceeds to purchase all the funds in the I&P model, according to their percentages shown on page 2.

On the same exact day next month (to take away any market calls!), do the same thing with the next \$200,000. And ditto for the third month.

For those who are looking to ratchet down one notch and are not clearly being overly aggressive, it is fine to stretch out the transfer from three months, to six months, or even a year. But, the important thing is to start now, and commit to the specific dollar amounts and specific days that you will make your trades. Once started, stick to it. ■

## FIDELITY SCORECARD - DECEMBER 31, 2008

| Fund No.                      | Fund Ticker | Fund Name                             | Short-Term Trading Fee | \$Price (NAV) | Advice      | Total Return (%)         |       |       | Avg Annual (%) |              |             | Rel Vol (Risk) <sup>1</sup> |              |             |             |
|-------------------------------|-------------|---------------------------------------|------------------------|---------------|-------------|--------------------------|-------|-------|----------------|--------------|-------------|-----------------------------|--------------|-------------|-------------|
|                               |             |                                       |                        |               |             | Dec                      | 2008  | 2007  | 1 Year         | 3 Year       | 5 Year      |                             |              |             |             |
|                               |             | S&P 500 (Large Cap)                   |                        | 903.25        |             | 1.1                      | -37.0 | 5.5   | -37.0          | -8.4         | -2.2        | 1.00                        |              |             |             |
|                               |             | Dow Industrials (Blue Chip)           |                        | 8776.39       |             | -0.4                     | -31.9 | 8.9   | -31.9          | -4.1         | -1.1        | 0.89                        |              |             |             |
|                               |             | Nasdaq Composite (OTC)                |                        | 1577.03       |             | 2.9                      | -40.0 | 10.6  | -40.0          | -9.8         | -4.0        | 1.26                        |              |             |             |
|                               |             | Russell 2000 (Small Cap)              |                        | 499.45        |             | 5.8                      | -33.8 | -1.6  | -33.8          | -8.3         | -0.9        | 1.28                        |              |             |             |
| <b>LARGE CAP GROWTH FUNDS</b> |             |                                       |                        |               |             | <b>Category Averages</b> |       |       | <b>2.7</b>     | <b>-43.0</b> | <b>16.3</b> | <b>-43.0</b>                | <b>-10.2</b> | <b>-2.8</b> | <b>1.27</b> |
| 312                           | FBGRX       | Blue Chip Growth                      |                        | 26.31         | Buy         | 1.2                      | -38.6 | 11.8  | -38.6          | -10.2        | -4.3        | 1.09                        |              |             |             |
| 307                           | FDCAX       | Capital Appreciation                  |                        | 15.73         | OK to Buy   | 5.0                      | -40.5 | 6.9   | -40.5          | -10.2        | -3.2        | 1.14                        |              |             |             |
| 22                            | FCNTX       | Contrafund                            |                        | 45.26         | Buy         | 1.7                      | -37.2 | 19.8  | -37.2          | -5.7         | 2.3         | 1.06                        |              |             |             |
| 332                           | FEXPX       | Export and Multinational              | 0.75%/30 days          | 14.41         | OK to Buy   | 2.5                      | -43.4 | 15.3  | -43.4          | -10.9        | -1.5        | 1.27                        |              |             |             |
| 500                           | FFTYX       | Fifty                                 |                        | 11.03         | Hold        | 3.3                      | -49.1 | 12.6  | -49.1          | -13.9        | -5.3        | 1.43                        |              |             |             |
| 25                            | FDGRX       | Growth Company (closed)               |                        | 48.96         | Buy         | 3.9                      | -40.9 | 19.9  | -40.9          | -8.1         | -0.2        | 1.27                        |              |             |             |
| 339                           | FDSVX       | Growth Discovery                      |                        | 8.61          | Buy         | -0.3                     | -46.7 | 26.8  | -46.7          | -8.4         | -2.8        | 1.24                        |              |             |             |
| 73                            | FDFFX       | Independence                          |                        | 14.27         | OK to Buy   | 1.5                      | -48.1 | 29.5  | -48.1          | -9.0         | -1.4        | 1.60                        |              |             |             |
| 763                           | FSLGX       | Large Cap Growth                      |                        | 6.58          | Hold↑       | 4.2                      | -38.1 | 2.1   | -38.1          | -12.6        | -3.0        | 1.16                        |              |             |             |
| 1829                          | FLGEX       | Large Cap Growth Enhcd Index          |                        | 6.39          | Hold        | 2.1                      | -37.0 | -2.1p | -37.0          | --           | --          | --                          |              |             |             |
| 338                           | FLCSX       | Large Cap Stock                       |                        | 10.02         | OK to Sell↓ | 3.2                      | -47.5 | 13.1  | -47.5          | -12.4        | -5.2        | 1.27                        |              |             |             |
| 21                            | FMAGX       | Magellan                              |                        | 45.86         | Hold↓       | 4.9                      | -49.4 | 18.8  | -49.4          | -13.6        | -5.9        | 1.40                        |              |             |             |
| 1282                          | FNCMX       | Nasdaq Composite Index                | 0.75%/90 days          | 20.85         | Hold        | 2.8                      | -40.0 | 10.5  | -40.0          | -10.0        | -4.2        | 1.27                        |              |             |             |
| 93                            | FOCPX       | OTC                                   |                        | 28.18         | Hold↓       | 4.0                      | -46.0 | 26.1  | -46.0          | -9.3         | -2.6        | 1.50                        |              |             |             |
| 320                           | FDSSX       | Stock Selector                        |                        | 16.98         | OK to Buy↑  | 0.8                      | -41.7 | 11.8  | -41.7          | -9.6         | -2.5        | 1.08                        |              |             |             |
| 5                             | FTRNX       | Trend                                 |                        | 39.09         | OK to Buy   | 2.5                      | -44.5 | 18.9  | -44.5          | -9.3         | -2.4        | 1.26                        |              |             |             |
| <b>LARGE CAP BLEND FUNDS</b>  |             |                                       |                        |               |             | <b>Category Averages</b> |       |       | <b>1.8</b>     | <b>-40.5</b> | <b>8.8</b>  | <b>-40.5</b>                | <b>-10.1</b> | <b>-2.5</b> | <b>1.12</b> |
| 1271                          | FBCVX       | Blue Chip Value                       |                        | 7.90          | OK to Sell↓ | 2.1                      | -44.8 | 4.4   | -44.8          | -12.8        | -3.5        | 1.16                        |              |             |             |
| 315                           | FDEQX       | Disciplined Equity                    |                        | 17.41         | Hold↓       | 2.6                      | -40.1 | 10.8  | -40.1          | -8.7         | -1.2        | 1.09                        |              |             |             |
| 330                           | FDGFX       | Dividend Growth                       |                        | 15.79         | OK to Buy↓  | 4.9                      | -43.0 | 1.1   | -43.0          | -12.9        | -6.2        | 1.20                        |              |             |             |
| 3                             | FFIDX       | Fidelity Fund                         |                        | 22.76         | OK to Buy   | 1.5                      | -40.3 | 16.8  | -40.3          | -7.5         | -1.7        | 1.11                        |              |             |             |
| 333                           | FTQGX       | Focused Stock                         |                        | 8.83          | Buy↑        | 0.2                      | -33.0 | 17.0  | -33.0          | -6.3         | 2.4         | 1.09                        |              |             |             |
| 27                            | FGRIX       | Growth & Income                       |                        | 13.17         | OK to Sell  | 1.6                      | -50.9 | 0.7   | -50.9          | -18.2        | -9.2        | 1.27                        |              |             |             |
| 1827                          | FLCEX       | Large Cap Core Enhcd Index            |                        | 6.40          | Hold        | 1.3                      | -35.8 | -1.0p | -35.8          | --           | --          | --                          |              |             |             |
| 361                           | FGRTX       | Mega Cap Stock                        |                        | 6.95          | OK to Buy↓  | 1.3                      | -39.4 | 11.1  | -39.4          | -8.8         | -2.9        | 1.01                        |              |             |             |
| 317                           | FSMKX       | Spartan 500 Index <sup>4</sup>        |                        | 62.11         | Hold        | 1.1                      | -37.1 | 5.4   | -37.1          | -8.4         | -2.3        | 1.00                        |              |             |             |
| 397                           | FSTMX       | Spartan Total Mkt. Index <sup>4</sup> | 0.50%/90 days          | 25.07         | Hold        | 1.8                      | -37.2 | 5.6   | -37.2          | -8.4         | -1.8        | 1.04                        |              |             |             |
| 343                           | FTXMX       | Tax Managed Stock                     | 1.00%/2 years          | 9.12          | OK to Buy   | 2.9                      | -42.7 | 14.2  | -42.7          | -9.8         | -1.5        | 1.20                        |              |             |             |
| 832                           | FVDFX       | Value Discovery                       |                        | 10.18         | Buy         | 0.5                      | -42.3 | 9.7   | -42.3          | -9.9         | -0.1        | 1.15                        |              |             |             |
| <b>LARGE CAP VALUE FUNDS</b>  |             |                                       |                        |               |             | <b>Category Averages</b> |       |       | <b>1.6</b>     | <b>-39.4</b> | <b>3.2</b>  | <b>-39.4</b>                | <b>-10.5</b> | <b>-2.8</b> | <b>1.06</b> |
| 23                            | FEQIX       | Equity-Income                         |                        | 30.87         | Buy         | 1.7                      | -41.6 | 1.4   | -41.6          | -10.8        | -3.6        | 1.09                        |              |             |             |
| 319                           | FEQTX       | Equity-Income II                      |                        | 13.32         | Hold        | 0.6                      | -40.4 | 4.5   | -40.4          | -10.9        | -4.0        | 1.03                        |              |             |             |
| 708                           | FSLVX       | Large Cap Value                       |                        | 8.55          | OK to Buy   | 2.9                      | -39.7 | 3.7   | -39.7          | -9.9         | -0.8        | 1.06                        |              |             |             |
| 1828                          | FLVEX       | Large Cap Value Enhcd Index           |                        | 5.91          | OK to Buy↑  | 1.4                      | -35.9 | -5.1p | -35.9          | --           | --          | --                          |              |             |             |

**Notes:** <sup>1</sup> Relative Volatility of the fund versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. <sup>2</sup> Durations (a measure of interest rate sensitivity) reflect prior quarter figures. <sup>3</sup> Stated yield is before any inflation adjustment, your effective yield may be different. <sup>4</sup> Also available in an "Advantage" share class with a minimum of \$100,000, but a lower expense ratio of 0.07% (versus 0.10% for the Investor class). <sup>5</sup> Also available in "Advantage" shares with a minimum of \$100,000, but a lower expense ratio of 0.10% (versus 0.20% for the Investor class). <sup>6</sup> Formerly Select Utilities Growth (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

### SCORECARD CHANGES

| Fund                  | Style         | Prior      | New        | Fund                   | Style        | Prior      | New        |
|-----------------------|---------------|------------|------------|------------------------|--------------|------------|------------|
| Blue Chip Value       | Large Value   | OK to Buy  | OK to Sell | Mid Cap Growth         | Mid Growth   | Sell       | OK to Sell |
| Disciplined Equity    | Large Blend   | Buy        | Hold       | OTC                    | Large Growth | Buy        | Hold       |
| Dividend Growth       | Large Blend   | Buy        | OK to Buy  | Select Gold            | Sector       | Hold       | Buy        |
| Europe                | International | OK to Buy  | Hold       | Select Home Finance    | Sector       | Sell       | Hold       |
| Europe Cap App        | International | OK to Buy  | Hold       | Select Network & Infra | Sector       | OK to Buy  | Hold       |
| Focused Stock         | Large Blend   | Hold       | Buy        | Small Cap Growth       | Small Growth | OK to Buy  | OK to Sell |
| Gov't Income          | Taxable Bond  | OK to Buy  | Hold       | Small Cap Stock        | Small Blend  | Hold       | OK to Sell |
| Intermed Gov't Inc    | Taxable Bond  | Buy        | Hold       | Small Cap Value        | Small Value  | OK to Sell | Hold       |
| Intermediate Bond     | Taxable Bond  | OK to Buy  | Buy        | Sp Interm Treas Index  | Taxable Bond | OK to Buy  | OK to Sell |
| Int'l Small Cap Opp's | International | Hold       | OK to Sell | Sp L-T Treas Index     | Taxable Bond | OK to Buy  | OK to Sell |
| Japan                 | International | Hold       | OK to Sell | Sp Short Treas Index   | Taxable Bond | Buy        | OK to Sell |
| Large Cap Growth      | Large Growth  | OK to Sell | Hold       | State Muni bond funds  | Muni Bonds   | OK to Buy  | Hold       |
| Large Cap Stock       | Large Growth  | Hold       | OK to Sell | Stock Selector         | Large Growth | Hold       | OK to Buy  |
| Large Cap Val Enh Idx | Large Value   | Hold       | OK to Buy  | Total Bond             | Taxable Bond | Hold       | OK to Buy  |
| Magellan              | Large Growth  | OK to Buy  | Hold       | VIP Emerging Mkts      | Annuity      | Buy        | OK to Buy  |
| Mega Cap Stock        | Large Blend   | Buy        | OK to Buy  | Lazard Ret Emg Mkts    | Annuity      | Hold       | OK to Buy  |

## FIDELITY SCORECARD - DECEMBER 31, 2008

| Fund No.                      | Fund Ticker | Fund Name                                       | Short-Term Trading Fee | \$Price (NAV) | Advice      | Total Return (%)         |        |       | Avg Annual (%) |        |        | Rel Vol (Risk) <sup>1</sup> |              |             |              |              |             |             |
|-------------------------------|-------------|---|------------------------|---------------|-------------|--------------------------|--------|-------|----------------|--------|--------|-----------------------------|--------------|-------------|--------------|--------------|-------------|-------------|
|                               |             |   |                        |               |             | Dec                      | 2008   | 2007  | 1 Year         | 3 Year | 5 Year |                             |              |             |              |              |             |             |
| <b>MID-CAP GROWTH FUNDS</b>   |             |   |                        |               |             | <i>Category Averages</i> |        |       |                |        |        | <b>4.7</b>                  | <b>-44.7</b> | <b>11.5</b> | <b>-44.7</b> | <b>-12.7</b> | <b>-3.9</b> | <b>1.43</b> |
| 324                           | FDEGX       | Aggressive Growth                               | 1.50%/90 days          | 11.65         | Hold        | 3.5                      | -49.3  | 18.8  | -49.3          | -13.1  | -4.8   | 1.45                        |              |             |              |              |             |             |
| 2012                          | FMEIX       | Mid Cap Enhanced Index                          | 0.75%/30 days          | 6.08          | Hold        | 4.8                      | -38.7  | --    | -38.7          | --     | --     | --                          |              |             |              |              |             |             |
| 793                           | FSMGX       | Mid Cap Growth                                  | 0.75%/30 days          | 6.79          | OK to Sell↑ | 3.7                      | -49.3  | 2.4   | -49.3          | -17.6  | -5.9   | 1.51                        |              |             |              |              |             |             |
| 337                           | FMCSX       | Mid-Cap Stock                                   | 0.75%/30 days          | 15.61         | Hold        | 7.4                      | -46.0  | 8.2   | -46.0          | -12.5  | -3.2   | 1.49                        |              |             |              |              |             |             |
| 300                           | FMILX       | New Millennium                                  |                        | 17.64         | OK to Buy   | 3.9                      | -40.2  | 16.5  | -40.2          | -7.5   | -1.9   | 1.29                        |              |             |              |              |             |             |
| <b>MID-CAP BLEND FUNDS</b>    |             |   |                        |               |             | <i>Category Averages</i> |        |       |                |        |        | <b>6.0</b>                  | <b>-45.1</b> | <b>8.0</b>  | <b>-45.1</b> | <b>-11.8</b> | <b>-2.1</b> | <b>1.45</b> |
| 122                           | FLVCX       | Leveraged Company Stock                         | 1.50%/90 days          | 14.44         | OK to Buy   | 4.4                      | -54.5  | 17.9  | -54.5          | -14.3  | -1.6   | 1.82                        |              |             |              |              |             |             |
| 316                           | FLPSX       | Low-Priced Stock                                | 1.50%/90 days          | 23.12         | Buy         | 8.6                      | -36.2  | 3.2   | -36.2          | -8.1   | 0.6    | 1.19                        |              |             |              |              |             |             |
| 398                           | FSEMXX      | Spartan Extended Mkt Index <sup>4</sup>         | 0.75%/90 days          | 22.55         | Hold        | 4.6                      | -38.5  | 5.4   | -38.5          | -9.2   | -0.6   | 1.24                        |              |             |              |              |             |             |
| 14                            | FSLSX       | Value Strategies                                |                        | 13.89         | Hold        | 6.4                      | -51.2  | 5.6   | -51.2          | -15.7  | -6.7   | 1.55                        |              |             |              |              |             |             |
| <b>MID-CAP VALUE FUNDS</b>    |             |   |                        |               |             | <i>Category Averages</i> |        |       |                |        |        | <b>6.3</b>                  | <b>-43.5</b> | <b>2.4</b>  | <b>-43.5</b> | <b>-12.8</b> | <b>-1.7</b> | <b>1.30</b> |
| 762                           | FSMVX       | Mid Cap Value                                   | 0.75%/30 days          | 9.51          | Hold        | 8.3                      | -40.5  | 2.7   | -40.5          | -11.3  | -0.6   | 1.22                        |              |             |              |              |             |             |
| 39                            | FDVLX       | Value   |                        | 39.86         | Buy         | 4.3                      | -46.5  | 2.2   | -46.5          | -14.3  | -2.7   | 1.38                        |              |             |              |              |             |             |
| <b>SMALL CAP GROWTH</b>       |             |   |                        |               |             | <i>Category Averages</i> |        |       |                |        |        | <b>4.0</b>                  | <b>-46.0</b> | <b>12.1</b> | <b>-46.0</b> | <b>-11.7</b> | <b>-3.6</b> | <b>1.42</b> |
| 2011                          | FCPEX       | Small Cap Enhanced Index                        | 1.50%/90 days          | 6.56          | Hold        | 5.3                      | -33.7  | --    | -33.7          | --     | --     | --                          |              |             |              |              |             |             |
| 1388                          | FCPGX       | Small Cap Growth                                | 1.50%/90 days          | 8.69          | OK to Sell↓ | 3.6                      | -44.9  | 16.8  | -44.9          | -10.0  | --     | 1.40                        |              |             |              |              |             |             |
| 336                           | FDSCX       | Small Cap Independence                          | 1.50%/90 days          | 10.53         | OK to Sell  | 4.5                      | -47.0  | 7.3   | -47.0          | -13.3  | -3.6   | 1.44                        |              |             |              |              |             |             |
| <b>SMALL CAP BLEND</b>        |             |   |                        |               |             | <i>Category Averages</i> |        |       |                |        |        | <b>8.6</b>                  | <b>-36.6</b> | <b>4.4</b>  | <b>-36.6</b> | <b>-9.1</b>  | <b>-3.1</b> | <b>1.32</b> |
| 340                           | FSLCX       | Small Cap Stock (closed)                        | 2.00%/90 days          | 9.80          | OK to Sell↓ | 8.8                      | -42.9  | 7.7   | -42.9          | -11.6  | -3.1   | 1.38                        |              |             |              |              |             |             |
| 1389                          | FSPVX       | Small Cap Value                                 | 1.50%/90 days          | 9.32          | Hold↑       | 8.4                      | -30.3  | 1.1   | -30.3          | -6.6   | --     | 1.26                        |              |             |              |              |             |             |
| <b>SPECIALTY FUNDS</b>        |             |   |                        |               |             |                          |        |       |                |        |        |                             |              |             |              |              |             |             |
| 2063                          | FOTTX       | 130/30 Large Cap (2008 ret from 1st full month) |                        | 6.43          | OK to Buy   | 1.1                      | -35.3p | --    | --             | --     | --     | --                          |              |             |              |              |             |             |
| 304                           | FBALX       | Balanced  |                        | 13.12         | OK to Sell  | 2.3                      | -31.3  | 9.0   | -31.3          | -5.8   | 0.5    | 0.87                        |              |             |              |              |             |             |
| 308                           | FCVXS       | Convertible Securities                          |                        | 14.00         | Buy         | 5.9                      | -47.8  | 16.2  | -47.8          | -11.3  | -4.0   | 1.50                        |              |             |              |              |             |             |
| 1960                          | FDYSX       | Dynamic Strategies                              |                        | 6.69          | Hold        | 2.9                      | -28.4  | 2.2p  | -28.4          | --     | --     | --                          |              |             |              |              |             |             |
| 1368                          | FIREX       | International Real Estate                       | 1.50%/90 days          | 6.63          | Hold        | 5.6                      | -50.5  | -8.3  | -50.5          | -13.4  | --     | 1.47                        |              |             |              |              |             |             |
| 4                             | FPURX       | Puritan   |                        | 13.06         | OK to Buy   | 2.2                      | -29.2  | 6.2   | -29.2          | -4.8   | -0.3   | 0.76                        |              |             |              |              |             |             |
| 833                           | FRIFX       | Real Estate Income                              | 0.75%/90 days          | 6.61          | OK to Sell  | 2.3                      | -31.0  | -6.5  | -31.0          | -10.3  | -3.3   | 0.81                        |              |             |              |              |             |             |
| 303                           | FRESX       | Real Estate Investment                          | 0.75%/90 days          | 15.61         | Sell        | 18.7                     | -38.2  | -21.3 | -38.2          | -13.6  | -0.1   | 1.84                        |              |             |              |              |             |             |
| 1329                          | FSDIX       | Strategic Dividend & Income                     |                        | 7.16          | OK to Buy   | 4.6                      | -41.2  | 3.1   | -41.2          | -11.6  | -2.7   | 1.13                        |              |             |              |              |             |             |
| 1505                          | FSRRX       | Strategic Real Return                           | 0.75%/60 days          | 6.86          | Buy         | 2.7                      | -23.4  | 3.8   | -23.4          | -5.9   | --     | 0.79                        |              |             |              |              |             |             |
| 311                           | FIUIX       | Utilities                                       |                        | 13.07         | Hold        | 0.0                      | -34.6  | 10.8  | -34.6          | -1.8   | 4.7    | 1.11                        |              |             |              |              |             |             |
| <b>ASSET ALLOCATION FUNDS</b> |             |   |                        |               |             |                          |        |       |                |        |        |                             |              |             |              |              |             |             |
| 328                           | FASIX       | Asset Manager 20%                               |                        | 10.32         | Hold        | 2.2                      | -14.2  | 4.8   | -14.2          | -1.2   | 1.8    | 0.40                        |              |             |              |              |             |             |
| 1957                          | FTANX       | Asset Manager 30%                               |                        | 7.64          | Hold        | 2.1                      | -19.7  | -1.9p | -19.7          | --     | --     | --                          |              |             |              |              |             |             |
| 1958                          | FFANX       | Asset Manager 40%                               |                        | 7.27          | Hold        | 2.3                      | -23.2  | -2.6p | -23.2          | --     | --     | --                          |              |             |              |              |             |             |
| 314                           | FASMXX      | Asset Manager 50%                               |                        | 10.84         | Hold        | 3.2                      | -27.8  | 6.3   | -27.8          | -5.7   | -1.7   | 0.73                        |              |             |              |              |             |             |
| 1959                          | FSANX       | Asset Manager 60%                               |                        | 6.60          | Hold        | 3.1                      | -30.0  | -3.5p | -30.0          | --     | --     | --                          |              |             |              |              |             |             |
| 321                           | FASGX       | Asset Manager 70%                               |                        | 10.74         | Hold        | 3.5                      | -34.9  | 7.2   | -34.9          | -8.4   | -3.3   | 0.93                        |              |             |              |              |             |             |
| 347                           | FAMRX       | Asset Manager 85%                               |                        | 8.50          | Hold        | 3.8                      | -38.6  | 7.9   | -38.6          | -9.4   | -2.4   | 1.06                        |              |             |              |              |             |             |
| 355                           | FFNOX       | Four-in-One Index                               |                        | 19.83         | Hold        | 3.1                      | -32.6  | 6.2   | -32.6          | -6.2   | -0.3   | 0.91                        |              |             |              |              |             |             |
| 370                           | FFFBX       | Freedom 2000                                    |                        | 10.05         | Hold        | 1.8                      | -14.0  | 5.3   | -14.0          | -1.1   | 1.0    | 0.39                        |              |             |              |              |             |             |
| 1312                          | FFVFX       | Freedom 2005                                    |                        | 8.39          | Hold        | 2.8                      | -24.5  | 7.3   | -24.5          | -4.0   | 0.0    | 0.66                        |              |             |              |              |             |             |
| 371                           | FFFCX       | Freedom 2010                                    |                        | 10.36         | Hold        | 3.1                      | -25.3  | 7.4   | -25.3          | -4.2   | -0.1   | 0.69                        |              |             |              |              |             |             |
| 1313                          | FFVFX       | Freedom 2015                                    |                        | 8.56          | Hold        | 3.1                      | -27.2  | 7.8   | -27.2          | -4.7   | 0.1    | 0.74                        |              |             |              |              |             |             |
| 372                           | FFFDX       | Freedom 2020                                    |                        | 10.05         | Hold        | 3.3                      | -32.1  | 8.5   | -32.1          | -6.3   | -0.6   | 0.88                        |              |             |              |              |             |             |
| 1314                          | FFTXX       | Freedom 2025                                    |                        | 8.23          | Hold        | 3.3                      | -33.7  | 8.6   | -33.7          | -6.9   | -0.8   | 0.92                        |              |             |              |              |             |             |
| 373                           | FFEXX       | Freedom 2030                                    |                        | 9.76          | Hold        | 3.4                      | -36.9  | 9.3   | -36.9          | -8.0   | -1.3   | 1.02                        |              |             |              |              |             |             |
| 1315                          | FFTHX       | Freedom 2035                                    |                        | 8.03          | Hold        | 3.4                      | -37.8  | 9.3   | -37.8          | -8.4   | -1.5   | 1.04                        |              |             |              |              |             |             |
| 718                           | FFFFX       | Freedom 2040                                    |                        | 5.59          | Hold        | 3.3                      | -38.8  | 9.3   | -38.8          | -8.8   | -1.6   | 1.07                        |              |             |              |              |             |             |
| 1617                          | FFFGX       | Freedom 2045                                    |                        | 6.58          | Hold        | 3.5                      | -39.2  | 9.5   | -39.2          | --     | --     | --                          |              |             |              |              |             |             |
| 1618                          | FFFHX       | Freedom 2050                                    |                        | 6.46          | Hold        | 3.5                      | -40.6  | 9.8   | -40.6          | --     | --     | --                          |              |             |              |              |             |             |
| 369                           | FFFAX       | Freedom Income                                  |                        | 9.56          | Hold        | 1.9                      | -12.1  | 4.8   | -12.1          | -0.7   | 1.1    | 0.35                        |              |             |              |              |             |             |
| 1884                          | FIRJX       | Income Replacement 2016                         |                        | 39.90         | Hold        | 2.4                      | -17.8  | 0.4p  | -17.8          | --     | --     | --                          |              |             |              |              |             |             |
| 1885                          | FIRKX       | Income Replacement 2018                         |                        | 38.77         | Hold        | 2.5                      | -20.1  | 0.4p  | -20.1          | --     | --     | --                          |              |             |              |              |             |             |
| 1886                          | FIRLX       | Income Replacement 2020                         |                        | 38.04         | Hold        | 2.6                      | -21.9  | 0.2p  | -21.9          | --     | --     | --                          |              |             |              |              |             |             |
| 1887                          | FIRMXX      | Income Replacement 2022                         |                        | 37.48         | Hold        | 2.6                      | -23.0  | 0.2p  | -23.0          | --     | --     | --                          |              |             |              |              |             |             |
| 1888                          | FIRNX       | Income Replacement 2024                         |                        | 37.02         | Hold        | 2.7                      | -24.0  | 0.4p  | -24.0          | --     | --     | --                          |              |             |              |              |             |             |
| 1889                          | FIROX       | Income Replacement 2026                         |                        | 36.52         | Hold        | 2.8                      | -24.8  | 0.2p  | -24.8          | --     | --     | --                          |              |             |              |              |             |             |
| 1890                          | FIRPX       | Income Replacement 2028                         |                        | 36.57         | Hold        | 2.8                      | -25.4  | 0.2p  | -25.4          | --     | --     | --                          |              |             |              |              |             |             |
| 1891                          | FIRQX       | Income Replacement 2030                         |                        | 36.05         | Hold        | 2.9                      | -26.1  | 0.2p  | -26.1          | --     | --     | --                          |              |             |              |              |             |             |
| 1892                          | FIRRX       | Income Replacement 2032                         |                        | 35.55         | Hold        | 2.9                      | -26.8  | 0.2p  | -26.8          | --     | --     | --                          |              |             |              |              |             |             |
| 1893                          | FIRSX       | Income Replacement 2034                         |                        | 35.51         | Hold        | 3.0                      | -27.7  | 0.3p  | -27.7          | --     | --     | --                          |              |             |              |              |             |             |
| 1894                          | FIRUX       | Income Replacement 2036                         |                        | 34.92         | Hold        | 3.1                      | -28.4  | 0.3p  | -28.4          | --     | --     | --                          |              |             |              |              |             |             |
| 1995                          | FIRVX       | Income Replacement 2038                         |                        | 34.13         | Hold        | 3.2                      | -29.5  | --    | -29.5          | --     | --     | --                          |              |             |              |              |             |             |
| 2009                          | FIRWX       | Income Replacement 2040                         |                        | 33.95         | Hold        | 3.2                      | -29.8  | --    | -29.8          | --     | --     | --                          |              |             |              |              |             |             |
| 1996                          | FIXRX       | Income Replacement 2042                         |                        | 33.85         | Hold        | 3.2                      | -30.0  | --    | -30.0          | --     | --     | --                          |              |             |              |              |             |             |

## FIDELITY SCORECARD - DECEMBER 31, 2008

| Fund No.                   | Fund Ticker | Fund Name                          | Short-Term Trading Fee | \$Price (NAV) | Advice      | Total Return (%)         |        |       | Avg Annual (%) |              |             | Rel Vol (Risk) <sup>1</sup> |              |             |             |
|----------------------------|-------------|------------------------------------|------------------------|---------------|-------------|--------------------------|--------|-------|----------------|--------------|-------------|-----------------------------|--------------|-------------|-------------|
|                            |             |                                    |                        |               |             | Dec                      | 2008   | 2007  | 1 Year         | 3 Year       | 5 Year      |                             |              |             |             |
| <b>INTERNATIONAL FUNDS</b> |             |                                    |                        |               |             | <b>Category Averages</b> |        |       | <b>7.4</b>     | <b>-46.0</b> | <b>20.0</b> | <b>-46.0</b>                | <b>-8.4</b>  | <b>3.0</b>  | <b>1.54</b> |
| 335                        | FIVFX       | Int'l Cap App (formerly Agg Int'l) | 1.00%/30 days          | 7.43          | OK to Sell  | 8.0                      | -50.7  | 5.2   | -50.7          | -15.7        | -5.5        | 1.53                        |              |             |             |
| 309                        | FICDX       | Canada                             | 1.50%/90 days          | 35.06         | Hold        | 3.4                      | -42.6  | 35.0  | -42.6          | -3.8         | 7.1         | 1.61                        |              |             |             |
| 352                        | FHKCX       | China Region                       | 1.50%/90 days          | 17.01         | OK to Sell  | 6.5                      | -44.9  | 46.3  | -44.9          | 1.5          | 6.0         | 1.72                        |              |             |             |
| 325                        | FDIVX       | Diversified International (closed) | 1.00%/30 days          | 21.51         | OK to Buy   | 8.1                      | -45.2  | 16.0  | -45.2          | -8.0         | 1.8         | 1.39                        |              |             |             |
| 2053                       | FEMEX       | Emerg Europe, MidEast, Africa      | 1.50%/90 days          | 4.77          | Sell        | 7.1                      | -52.4p | --    | --             | --           | --          | --                          |              |             |             |
| 322                        | FEMKX       | Emerging Markets                   | 1.50%/90 days          | 12.99         | OK to Buy   | 7.1                      | -60.8  | 45.1  | -60.8          | -8.8         | 6.1         | 2.12                        |              |             |             |
| 301                        | FIEUX       | Europe                             | 1.00%/30 days          | 22.78         | Hold↓       | 7.5                      | -44.0  | 16.4  | -44.0          | -6.6         | 4.5         | 1.34                        |              |             |             |
| 341                        | FECAX       | Europe Capital App                 | 1.00%/30 days          | 13.67         | Hold↓       | 7.5                      | -46.3  | 14.8  | -46.3          | -5.8         | 2.5         | 1.42                        |              |             |             |
| 334                        | FGBLX       | Global Balanced                    | 1.00%/30 days          | 16.66         | Hold        | 5.2                      | -23.3  | 13.8  | -23.3          | -0.3         | 4.2         | 0.76                        |              |             |             |
| 2010                       | FIENX       | International Enchanced Index      | 1.00%/30 days          | 5.67          | Hold        | 8.3                      | -43.3  | --    | -43.3          | --           | --          | --                          |              |             |             |
| 305                        | FIGRX       | International Discovery            | 1.00%/30 days          | 23.63         | Buy         | 7.2                      | -44.3  | 19.0  | -44.3          | -6.3         | 3.1         | 1.34                        |              |             |             |
| 1979                       | FIGFX       | International Growth               | 1.00%/30 days          | 5.54          | Hold        | 8.6                      | -41.3  | -2.8p | -41.3          | --           | --          | --                          |              |             |             |
| 818                        | FISMX       | Int'l Small Cap (closed)           | 2.00%/90 days          | 12.35         | Hold        | 7.6                      | -46.5  | 13.2  | -46.5          | -11.6        | 3.0         | 1.60                        |              |             |             |
| 1504                       | FSCOX       | Int'l Small Cap Opportunities      | 2.00%/90 days          | 5.99          | OK to Sell↓ | 6.1                      | -58.4  | 3.0   | -58.4          | -18.7        | --          | 1.92                        |              |             |             |
| 1597                       | FIVLX       | International Value                | 1.00%/30 days          | 5.96          | Buy         | 8.8                      | -46.7  | 9.5   | -46.7          | --           | --          | --                          |              |             |             |
| 350                        | FJPNX       | Japan                              | 1.50%/90 days          | 8.92          | OK to Sell↓ | 9.7                      | -36.8  | -2.7  | -36.8          | -16.4        | -1.6        | 1.26                        |              |             |             |
| 360                        | FJSCX       | Japan Smaller Companies            | 1.50%/90 days          | 7.17          | Sell        | 8.8                      | -34.5  | -12.4 | -34.5          | -23.3        | -4.9        | 1.25                        |              |             |             |
| 349                        | FLATX       | Latin America                      | 1.50%/90 days          | 27.62         | Hold        | 5.0                      | -54.6  | 43.7  | -54.6          | -2.0         | 15.6        | 2.24                        |              |             |             |
| 342                        | FNORX       | Nordic                             | 1.50%/90 days          | 18.79         | OK to Buy   | 6.8                      | -56.0  | 23.2  | -56.0          | -9.5         | 3.1         | 1.78                        |              |             |             |
| 94                         | FOSFX       | Overseas                           | 1.00%/30 days          | 25.08         | Hold        | 7.0                      | -47.3  | 21.8  | -47.3          | -8.2         | 0.9         | 1.42                        |              |             |             |
| 302                        | FPBFX       | Pacific Basin                      | 1.50%/90 days          | 13.28         | Hold        | 12.7                     | -55.8  | 25.2  | -55.8          | -13.7        | -0.6        | 1.73                        |              |             |             |
| 351                        | FSEAX       | Southeast Asia                     | 1.50%/90 days          | 18.87         | OK to Sell  | 7.0                      | -51.9  | 55.4  | -51.9          | 0.9          | 9.3         | 1.82                        |              |             |             |
| 399                        | FSIIX       | Spartan Int'l Index <sup>4</sup>   | 1.00%/90 days          | 26.74         | Hold        | 8.5                      | -41.4  | 10.7  | -41.4          | -6.5         | 2.2         | 1.26                        |              |             |             |
| 1978                       | FTIEX       | Total International Equity         | 1.00%/30 days          | 4.85          | Hold        | 8.6                      | -47.2  | -2.9p | -47.2          | --           | --          | --                          |              |             |             |
| 318                        | FWWFX       | Worldwide                          | 1.00%/30 days          | 12.59         | Hold        | 3.7                      | -40.2  | 18.5  | -40.2          | -6.0         | 1.2         | 1.20                        |              |             |             |
| <b>SELECT PORTFOLIOS</b>   |             |                                    |                        |               |             | <b>Category Averages</b> |        |       | <b>3.9</b>     | <b>-41.0</b> | <b>11.3</b> | <b>-41.0</b>                | <b>-10.2</b> | <b>-1.3</b> | <b>1.49</b> |
| 34                         | FSAIX       | Air Transportation                 | 0.75%/30 days          | 26.05         | Hold        | 12.2                     | -32.6  | -1.9  | -32.6          | -6.8         | 2.4         | 1.35                        |              |             |             |
| 502                        | FSAVX       | Automotive                         | 0.75%/30 days          | 14.22         | OK to Sell  | -1.1                     | -61.2  | 0.0   | -61.2          | -24.0        | -14.3       | 1.98                        |              |             |             |
| 507                        | FSRBX       | Banking                            | 0.75%/30 days          | 14.76         | Buy         | -1.6                     | -37.5  | -21.2 | -37.5          | -17.7        | -9.1        | 1.26                        |              |             |             |
| 42                         | FBIOX       | Biotechnology                      | 0.75%/30 days          | 59.11         | Buy         | 8.5                      | -11.4  | 2.7   | -11.4          | -2.0         | 2.8         | 1.16                        |              |             |             |
| 68                         | FSLBX       | Brokerage & Investment             | 0.75%/30 days          | 31.74         | Hold        | 7.3                      | -49.3  | -0.2  | -49.3          | -15.0        | -2.1        | 1.56                        |              |             |             |
| 69                         | FSCHX       | Chemicals                          | 0.75%/30 days          | 46.21         | Hold        | -3.0                     | -43.3  | 28.4  | -43.3          | -5.3         | 2.7         | 1.36                        |              |             |             |
| 518                        | FSDCX       | Communications Equipment           | 0.75%/30 days          | 11.52         | Hold        | 3.8                      | -48.5  | 9.8   | -48.5          | -16.7        | -7.0        | 1.80                        |              |             |             |
| 7                          | FDCPX       | Computers                          | 0.75%/30 days          | 24.89         | Hold        | -1.3                     | -48.5  | 22.4  | -48.5          | -11.6        | -7.0        | 1.63                        |              |             |             |
| 511                        | FSHOX       | Construction & Housing             | 0.75%/30 days          | 23.87         | Hold        | 7.3                      | -26.8  | -13.9 | -26.8          | -12.3        | -1.0        | 1.35                        |              |             |             |
| 517                        | FSCPX       | Consumer Discretionary             | 0.75%/30 days          | 13.65         | OK to Buy   | 6.0                      | -34.6  | -8.3  | -34.6          | -12.2        | -5.3        | 1.17                        |              |             |             |
| 9                          | FDFAV       | Consumer Staples                   | 0.75%/30 days          | 50.99         | Buy         | 3.0                      | -22.3  | 21.5  | -22.3          | 4.3          | 6.8         | 0.85                        |              |             |             |
| 67                         | FSDAX       | Defense & Aerospace                | 0.75%/30 days          | 49.24         | OK to Sell  | 8.1                      | -40.2  | 17.8  | -40.2          | -5.3         | 3.7         | 1.34                        |              |             |             |
| 8                          | FSELX       | Electronics                        | 0.75%/30 days          | 22.65         | Hold        | 5.2                      | -49.9  | 4.7   | -49.9          | -19.3        | -11.3       | 1.59                        |              |             |             |
| 60                         | FSENX       | Energy                             | 0.75%/30 days          | 30.08         | Buy         | -5.6                     | -54.0  | 45.5  | -54.0          | -8.6         | 8.9         | 2.11                        |              |             |             |
| 43                         | FSSEX       | Energy Service                     | 0.75%/30 days          | 35.92         | Buy         | -11.7                    | -63.2  | 55.2  | -63.2          | -14.7        | 5.3         | 2.51                        |              |             |             |
| 516                        | FSLEX       | Environmental                      | 0.75%/30 days          | 13.39         | Hold        | 5.3                      | -30.5  | 12.4  | -30.5          | -4.8         | 0.3         | 1.18                        |              |             |             |
| 66                         | FIDSX       | Financial Services                 | 0.75%/30 days          | 46.67         | Hold        | 2.5                      | -49.9  | -13.6 | -49.9          | -20.5        | -9.7        | 1.31                        |              |             |             |
| 41                         | FSAGX       | Gold                               | 0.75%/30 days          | 31.58         | Buy↑        | 27.0                     | -20.5  | 24.9  | -20.5          | 7.6          | 9.6         | 2.50                        |              |             |             |
| 63                         | FSPHX       | Health Care                        | 0.75%/30 days          | 80.99         | Buy         | 6.2                      | -32.4  | 12.5  | -32.4          | -7.3         | 0.3         | 1.01                        |              |             |             |
| 98                         | FSVLX       | Home Finance                       | 0.75%/30 days          | 11.29         | Hold↑       | 0.8                      | -58.6  | -38.0 | -58.6          | -33.9        | -21.2       | 1.50                        |              |             |             |
| 510                        | FSCGX       | Industrial Equipment               | 0.75%/30 days          | 18.51         | Hold        | 3.4                      | -46.8  | 23.2  | -46.8          | -8.5         | -1.4        | 1.44                        |              |             |             |
| 515                        | FCYIX       | Industrials                        | 0.75%/30 days          | 13.14         | Hold        | 4.7                      | -40.1  | 17.7  | -40.1          | -6.8         | 2.3         | 1.34                        |              |             |             |
| 45                         | FSPCX       | Insurance                          | 0.75%/30 days          | 32.75         | OK to Sell  | 9.8                      | -47.0  | -4.4  | -47.0          | -17.4        | -6.2        | 1.25                        |              |             |             |
| 353                        | FBSOX       | IT Services                        | 0.75%/30 days          | 11.21         | Hold        | 4.1                      | -32.9  | 11.5  | -32.9          | -5.0         | 0.9         | 1.40                        |              |             |             |
| 62                         | FDLSX       | Leisure                            | 0.75%/30 days          | 53.87         | Hold        | 10.9                     | -29.1  | 4.2   | -29.1          | -4.9         | 1.0         | 1.18                        |              |             |             |
| 509                        | FSDPX       | Materials                          | 0.75%/30 days          | 30.46         | Hold        | 3.2                      | -47.6  | 29.2  | -47.6          | -6.8         | 0.9         | 1.62                        |              |             |             |
| 505                        | FSHCX       | Medical Delivery                   | 0.75%/30 days          | 28.89         | OK to Buy   | 10.2                     | -44.6  | 16.9  | -44.6          | -13.9        | 3.7         | 1.39                        |              |             |             |
| 354                        | FSMEX       | Medical Equipment                  | 0.75%/30 days          | 18.45         | Buy         | 5.1                      | -23.4  | 17.9  | -23.4          | -2.1         | 3.5         | 1.05                        |              |             |             |
| 503                        | FBMPX       | Multimedia                         | 0.75%/30 days          | 22.19         | OK to Sell  | 5.5                      | -39.3  | -9.3  | -39.3          | -14.4        | -7.0        | 1.25                        |              |             |             |
| 513                        | FSNGX       | Natural Gas                        | 0.75%/30 days          | 20.17         | Buy         | -5.0                     | -56.7  | 40.9  | -56.7          | -13.7        | 5.6         | 2.26                        |              |             |             |
| 514                        | FNARX       | Natural Resources                  | 0.75%/30 days          | 18.83         | OK to Buy   | -1.9                     | -52.4  | 50.1  | -52.4          | -5.2         | 8.9         | 2.13                        |              |             |             |
| 912                        | FNINX       | Networking & Infrastructure        | 0.75%/30 days          | 1.23          | Hold↓       | 2.5                      | -50.4  | 0.4   | -50.4          | -19.4        | -12.1       | 1.88                        |              |             |             |
| 506                        | FSPFX       | Paper & Forest                     | 0.75%/30 days          | 15.71         | Hold        | 0.8                      | -49.0  | 0.8   | -49.0          | -16.9        | -10.7       | 1.68                        |              |             |             |
| 580                        | FPHAX       | Pharmaceuticals                    | 0.75%/30 days          | 8.81          | OK to Buy   | 5.9                      | -22.7  | 13.4  | -22.7          | -0.5         | 2.3         | 0.88                        |              |             |             |
| 46                         | FSRPX       | Retailing                          | 0.75%/30 days          | 28.61         | Hold        | 8.0                      | -29.6  | -8.0  | -29.6          | -9.3         | -1.5        | 1.19                        |              |             |             |
| 28                         | FSCSX       | Software & Computer Svcs           | 0.75%/30 days          | 47.00         | Hold        | 1.5                      | -42.1  | 23.9  | -42.1          | -3.6         | -0.7        | 1.51                        |              |             |             |
| 64                         | FSPTX       | Technology                         | 0.75%/30 days          | 39.66         | Hold        | 4.7                      | -51.1  | 19.8  | -51.1          | -14.3        | -7.9        | 1.77                        |              |             |             |
| 96                         | FSTCX       | Telecommunications                 | 0.75%/30 days          | 26.66         | OK to Sell  | 3.5                      | -47.6  | 8.2   | -47.6          | -10.5        | -2.4        | 1.58                        |              |             |             |
| 512                        | FSRFX       | Transportation                     | 0.75%/30 days          | 32.23         | Hold        | 0.3                      | -27.0  | -0.6  | -27.0          | -7.4         | 2.5         | 1.20                        |              |             |             |
| 65                         | FSUTX       | Utilities <sup>6</sup>             | 0.75%/30 days          | 40.26         | Hold        | -2.1                     | -36.0  | 18.1  | -36.0          | -0.6         | 6.0         | 1.16                        |              |             |             |
| 963                        | FWRLX       | Wireless                           | 0.75%/30 days          | 4.29          | Hold        | 5.2                      | -49.6  | 27.5  | -49.6          | -11.3        | 3.1         | 1.59                        |              |             |             |

## FIDELITY SCORECARD - DECEMBER 31, 2008

| Fund No.                             | Fund Ticker | Fund Name                              | Short-Term Trading Fee | \$Price (NAV) | Advice      | Total Return (%)         |       |      | Duration (Years) <sup>2</sup> | 30-Day Yld. (%) | Tax-Equivalent Yield Federal Tax Bracket |              |             |            |            |            |            |
|--------------------------------------|-------------|--|------------------------|---------------|-------------|--------------------------|-------|------|-------------------------------|-----------------|--|--------------|-------------|------------|------------|------------|------------|
|                                      |             |  |                        |               |             | Dec                      | 2008  | 2007 |                               |                 |  |              |             |            |            |            |            |
| <b>TAXABLE BOND FUNDS</b>            |             |  |                        |               |             | <b>Category Averages</b> |       |      | <b>3.1</b>                    | <b>3.6</b>      | <b>5.1</b>                               | <b>4.2</b>   | <b>3.68</b> |            |            |            |            |
| 15                                   | FGMN        | Ginnie Mae                             |                        | 11.15         | OK to Buy   | 1.5                      | 7.1   | 6.8  | 3.2                           | 4.92            |  |              |             |            |            |            |            |
| 54                                   | FGOV        | Government Income                      |                        | 10.95         | Hold↓       | 3.2                      | 11.0  | 7.9  | 4.6                           | 2.96            |  |              |             |            |            |            |            |
| 794                                  | FINPX       | Inflation-Protected Bond <sup>3</sup>  |                        | 10.50         | Hold        | 6.0                      | -2.3  | 9.1  | 6.0                           | 2.71            |  |              |             |            |            |            |            |
| 32                                   | FTHR        | Intermediate Bond                      |                        | 9.09          | Buy↑        | 3.0                      | -5.8  | 4.0  | 3.7                           | 6.07            |  |              |             |            |            |            |            |
| 452                                  | FSTGX       | Intermediate Gov't Income              |                        | 10.95         | Hold↓       | 2.6                      | 10.1  | 7.9  | 3.5                           | 1.94            |  |              |             |            |            |            |            |
| 26                                   | FBND        | Investment Grade Bond                  |                        | 6.35          | Buy         | 3.0                      | -7.1  | 2.6  | 4.1                           | 6.38            |  |              |             |            |            |            |            |
| 40                                   | FMSFX       | Mortgage Securities                    |                        | 10.07         | OK to Buy   | 1.4                      | 1.3   | -0.4 | 3.1                           | 5.24            |  |              |             |            |            |            |            |
| 450                                  | FSHB        | Short-Term Bond                        |                        | 7.96          | OK to Sell  | 0.6                      | -3.7  | 1.7  | 1.6                           | 3.82            |  |              |             |            |            |            |            |
| 1561                                 | FIBIX       | Sptn Interm Treas Index <sup>5</sup>   |                        | 11.54         | OK to Sell↓ | 4.3                      | 16.4  | 10.1 | 6.2                           | 1.80            |  |              |             |            |            |            |            |
| 1562                                 | FLBIX       | Sptn Lng-Term Treas Index <sup>5</sup> |                        | 12.19         | OK to Sell↓ | 9.2                      | 24.1  | 9.5  | 11.6                          | 2.79            |  |              |             |            |            |            |            |
| 1560                                 | FSBIX       | Sptn Sht-Term Treas Index <sup>5</sup> |                        | 10.78         | OK to Sell↓ | 1.0                      | 8.7   | 7.9  | 2.5                           | 0.64            |  |              |             |            |            |            |            |
| 820                                  | FTBF        | Total Bond                             |                        | 9.20          | OK to Buy↑  | 3.4                      | -5.6  | 4.2  | 4.1                           | 6.99            |  |              |             |            |            |            |            |
| 651                                  | FBIDX       | U.S. Bond Index                        |                        | 10.79         | Hold        | 3.4                      | 3.8   | 5.4  | 4.1                           | 4.50            |  |              |             |            |            |            |            |
| 812                                  | FUSFX       | Ultra-Short Bond                       | 0.25%/60 days          | 8.12          | Hold        | 0.2                      | -7.8  | -5.1 | 0.5                           | 0.81            |  |              |             |            |            |            |            |
| <b>HIGH-YIELD BOND FUNDS</b>         |             |  |                        |               |             | <b>Category Averages</b> |       |      | <b>4.2</b>                    | <b>-20.4</b>    | <b>3.8</b>                               | <b>10.88</b> |             |            |            |            |            |
| 38                                   | FAGIX       | Capital & Income                       | 1.00%/90 days          | 5.46          | OK to Buy   | 2.3                      | -31.9 | 3.8  | --                            | 12.28           |  |              |             |            |            |            |            |
| 814                                  | FFRH        | Floating Rate High Income              | 1.00%/60 days          | 7.58          | OK to Buy   | 1.0                      | -16.5 | 2.7  | --                            | 10.23           |  |              |             |            |            |            |            |
| 1366                                 | FHIF        | Focused High Income                    | 1.00%/90 days          | 7.33          | Buy         | 5.3                      | -20.5 | 3.1  | --                            | 11.93           |  |              |             |            |            |            |            |
| 455                                  | SPHIX       | High Income                            | 1.00%/90 days          | 6.04          | Buy         | 5.2                      | -23.7 | 2.4  | --                            | 13.32           |  |              |             |            |            |            |            |
| 331                                  | FNMI        | New Markets Income                     | 1.00%/90 days          | 11.24         | Hold        | 7.6                      | -18.2 | 5.7  | --                            | 9.87            |  |              |             |            |            |            |            |
| 368                                  | FSIC        | Strategic Income                       |                        | 8.72          | Buy         | 4.2                      | -11.4 | 5.4  | --                            | 7.67            |  |              |             |            |            |            |            |
| <b>MUNICIPAL BOND</b>                |             |  |                        |               |             | <b>Category Averages</b> |       |      | <b>1.2</b>                    | <b>-0.9</b>     | <b>3.7</b>                               | <b>6.2</b>   | <b>4.12</b> | <b>25%</b> | <b>28%</b> | <b>33%</b> | <b>35%</b> |
| 36                                   | FLTM        | Interm Municipal Income                | 0.50%/30 days          | 9.68          | Buy         | 1.4                      | 1.0   | 4.0  | 5.4                           | 3.89            | 5.2                                      | 5.4          | 5.8         | 6.0        |            |            |            |
| 37                                   | FHIG        | Municipal Income                       | 0.50%/30 days          | 11.49         | OK to Buy   | 1.4                      | -4.6  | 3.1  | 8.3                           | 4.78            | 6.4                                      | 6.6          | 7.1         | 7.4        |            |            |            |
| 404                                  | FSTF        | Short-Int Municipal Income             | 0.50%/30 days          | 10.34         | Buy         | 0.8                      | 3.5   | 4.4  | 2.8                           | 2.86            | 3.8                                      | 4.0          | 4.3         | 4.4        |            |            |            |
| 90                                   | FTAB        | Tax-Free Bond                          | 0.50%/30 days          | 9.90          | OK to Buy   | 1.4                      | -3.4  | 3.2  | 8.4                           | 4.93            | 6.6                                      | 6.8          | 7.4         | 7.6        |            |            |            |
| <b>STATE-SPECIFIC MUNICIPAL BOND</b> |             |  |                        |               |             | <b>Category Averages</b> |       |      | <b>1.1</b>                    | <b>-1.9</b>     | <b>3.4</b>                               | <b>7.3</b>   | <b>4.22</b> |            |            |            |            |
| 434                                  | FSAZ        | Arizona Muni Income                    | 0.50%/30 days          | 10.31         | Hold↓       | 1.0                      | -4.2  | 2.6  | 8.7                           | 4.69            | 6.3                                      | 6.5          | 7.0         | 7.2        |            |            |            |
| 91                                   | FCFX        | California Muni Income                 | 0.50%/30 days          | 10.99         | Hold↓       | 0.8                      | -5.6  | 2.9  | 7.9                           | 4.81            | 6.4                                      | 6.7          | 7.2         | 7.4        |            |            |            |
| 1534                                 | FCST        | Calif Short-Interm Tax Free            | 0.50%/30 days          | 10.23         | Hold↓       | 0.9                      | 4.0   | 4.3  | 3.0                           | 2.51            | 3.3                                      | 3.5          | 3.7         | 3.9        |            |            |            |
| 407                                  | FICN        | Connecticut Muni Income                | 0.50%/30 days          | 10.68         | Hold↓       | 1.2                      | -1.1  | 3.8  | 7.6                           | 4.27            | 5.7                                      | 5.9          | 6.4         | 6.6        |            |            |            |
| 429                                  | SMDM        | Maryland Muni Income                   | 0.50%/30 days          | 9.93          | Hold↓       | 0.4                      | -4.0  | 3.0  | 8.2                           | 4.43            | 5.9                                      | 6.2          | 6.6         | 6.8        |            |            |            |
| 70                                   | FDMX        | Mass Muni Income                       | 0.50%/30 days          | 10.89         | Hold↓       | 1.1                      | -3.6  | 3.3  | 8.1                           | 4.47            | 6.0                                      | 6.2          | 6.7         | 6.9        |            |            |            |
| 81                                   | FMHT        | Michigan Muni Income                   | 0.50%/30 days          | 11.29         | Hold        | 1.6                      | -0.1  | 3.7  | 6.9                           | 4.03            | 5.4                                      | 5.6          | 6.0         | 6.2        |            |            |            |
| 82                                   | FIMI        | Minnesota Muni Income                  | 0.50%/30 days          | 10.74         | Hold↓       | 1.6                      | -0.3  | 3.2  | 6.5                           | 3.92            | 5.2                                      | 5.4          | 5.9         | 6.0        |            |            |            |
| 416                                  | FNJH        | New Jersey Muni Income                 | 0.50%/30 days          | 10.68         | Hold↓       | 0.3                      | -3.0  | 3.7  | 7.6                           | 4.28            | 5.7                                      | 5.9          | 6.4         | 6.6        |            |            |            |
| 71                                   | FTFM        | New York Muni Income                   | 0.50%/30 days          | 11.90         | Hold↓       | 1.9                      | -2.5  | 3.3  | 8.6                           | 4.73            | 6.3                                      | 6.6          | 7.1         | 7.3        |            |            |            |
| 88                                   | FOHF        | Ohio Muni Income                       | 0.50%/30 days          | 10.87         | Hold↓       | 2.2                      | -1.6  | 3.6  | 7.8                           | 4.29            | 5.7                                      | 6.0          | 6.4         | 6.6        |            |            |            |
| 402                                  | FPXT        | Pennsylvania Muni Income               | 0.50%/30 days          | 10.21         | Hold↓       | 0.9                      | -0.8  | 3.9  | 7.0                           | 4.18            | 5.6                                      | 5.8          | 6.2         | 6.4        |            |            |            |
| <b>TAXABLE MONEY MARKET</b>          |             |  |                        |               |             | <b>Category Averages</b> |       |      | <b>0.1</b>                    | <b>2.5</b>      | <b>4.9</b>                               | <b>1.51</b>  |             |            |            |            |            |
| 55                                   | FDRX        | Cash Reserves                          |                        | 1.00          | --          | 0.17                     | 2.89  | 5.06 | na                            | 1.96            |  |              |             |            |            |            |            |
| 631                                  | FGMX        | Retirement Government MM               |                        | 1.00          | --          | 0.11                     | 2.37  | 4.93 | na                            | 1.09            |  |              |             |            |            |            |            |
| 630                                  | FRTX        | Retirement MM                          |                        | 1.00          | --          | 0.19                     | 2.93  | 5.12 | na                            | 2.11            |  |              |             |            |            |            |            |
| 458                                  | SPAX        | Government MM                          |                        | 1.00          | --          | 0.11                     | 2.31  | 4.90 | na                            | 1.15            |  |              |             |            |            |            |            |
| 454                                  | SPRX        | Money Market                           |                        | 1.00          | --          | 0.18                     | 2.90  | 5.09 | na                            | 2.01            |  |              |             |            |            |            |            |
| 85                                   | FSLX        | Select MM                              |                        | 1.00          | --          | 0.18                     | 2.97  | 5.14 | na                            | 2.04            |  |              |             |            |            |            |            |
| 50                                   | FGRX        | U.S. Gov't Reserves                    |                        | 1.00          | --          | 0.12                     | 2.45  | 4.97 | na                            | 1.25            |  |              |             |            |            |            |            |
| 415                                  | FDLX        | US Treasury MM (closed)                |                        | 1.00          | --          | 0.04                     | 1.49  | 4.38 | na                            | 0.49            |  |              |             |            |            |            |            |
| <b>MUNICIPAL MONEY MARKET</b>        |             |  |                        |               |             | <b>Category Averages</b> |       |      | <b>0.1</b>                    | <b>1.8</b>      | <b>3.4</b>                               | <b>0.84</b>  |             |            |            |            |            |
| 460                                  | FIMX        | AMT Tax-Free Money Fnd                 |                        | 1.00          | --          | 0.06                     | 1.87  | 3.43 | na                            | 0.86            | 1.1                                      | 1.2          | 1.3         | 1.3        |            |            |            |
| 10                                   | FTEX        | Municipal Money Market                 |                        | 1.00          | --          | 0.06                     | 1.91  | 3.34 | na                            | 0.94            | 1.3                                      | 1.3          | 1.4         | 1.4        |            |            |            |
| 275                                  | FMOX        | Tax-Free Money Market                  |                        | 1.00          | --          | 0.04                     | 1.70  | 3.30 | na                            | 0.71            | 0.9                                      | 1.0          | 1.1         | 1.1        |            |            |            |
| <b>STATE MUNICIPAL MONEY MARKET</b>  |             |  |                        |               |             | <b>Category Averages</b> |       |      | <b>0.0</b>                    | <b>1.8</b>      | <b>3.3</b>                               | <b>0.75</b>  |             |            |            |            |            |
| 433                                  | FSAX        | Arizona                                |                        | 1.00          | --          | 0.05                     | 1.75  | 3.26 | na                            | 0.77            | 1.0                                      | 1.1          | 1.1         | 1.2        |            |            |            |
| 457                                  | FSPX        | California AMT Tax-Free                |                        | 1.00          | --          | 0.05                     | 1.86  | 3.39 | na                            | 0.76            | 1.0                                      | 1.1          | 1.1         | 1.2        |            |            |            |
| 97                                   | FCFX        | California                             |                        | 1.00          | --          | 0.03                     | 1.67  | 3.20 | na                            | 0.60            | 0.8                                      | 0.8          | 0.9         | 0.9        |            |            |            |
| 418                                  | FCMX        | Connecticut                            |                        | 1.00          | --          | 0.03                     | 1.72  | 3.25 | na                            | 0.57            | 0.8                                      | 0.8          | 0.9         | 0.9        |            |            |            |
| 426                                  | FMSX        | Mass AMT Tax-Free                      |                        | 1.00          | --          | 0.05                     | 1.85  | 3.39 | na                            | 0.84            | 1.1                                      | 1.2          | 1.3         | 1.3        |            |            |            |
| 74                                   | FDMX        | Massachusetts                          |                        | 1.00          | --          | 0.04                     | 1.67  | 3.20 | na                            | 0.69            | 0.9                                      | 1.0          | 1.0         | 1.1        |            |            |            |
| 420                                  | FMI         | Michigan                               |                        | 1.00          | --          | 0.03                     | 1.68  | 3.21 | na                            | 0.54            | 0.7                                      | 0.8          | 0.8         | 0.8        |            |            |            |
| 423                                  | FSJX        | New Jersey AMT Tax-Free                |                        | 1.00          | --          | 0.08                     | 1.91  | 3.41 | na                            | 0.97            | 1.3                                      | 1.3          | 1.4         | 1.5        |            |            |            |
| 417                                  | FNJX        | New Jersey                             |                        | 1.00          | --          | 0.04                     | 1.67  | 3.23 | na                            | 0.59            | 0.8                                      | 0.8          | 0.9         | 0.9        |            |            |            |
| 422                                  | FSNX        | New York AMT Tax-Free                  |                        | 1.00          | --          | 0.06                     | 1.86  | 3.39 | na                            | 0.89            | 1.2                                      | 1.2          | 1.3         | 1.4        |            |            |            |
| 92                                   | FNYX        | New York                               |                        | 1.00          | --          | 0.05                     | 1.69  | 3.22 | na                            | 0.75            | 1.0                                      | 1.0          | 1.1         | 1.2        |            |            |            |
| 419                                  | FOMX        | Ohio                                   |                        | 1.00          | --          | 0.06                     | 1.77  | 3.22 | na                            | 0.89            | 1.2                                      | 1.2          | 1.3         | 1.4        |            |            |            |
| 401                                  | FPTX        | Pennsylvania                           |                        | 1.00          | --          | 0.05                     | 1.85  | 3.25 | na                            | 0.83            | 1.1                                      | 1.2          | 1.2         | 1.3        |            |            |            |

Tax-equivalent yields for state funds assume top state (and city) tax level for that federal bracket, and itemized deductions.

## FIDELITY SCORECARD - DECEMBER 30, 2008

| Fund No.   | Fund Ticker | Fund Name                        | Short-Term Trading Fee | \$Price (NAV) | Advice     | Total Return (%) |       |       | Avg Annual (%)* |        |        | Rel Vol (Risk) <sup>1</sup> |
|--|-------------|----------------------------------|------------------------|---------------|------------|------------------|-------|-------|-----------------|--------|--------|-----------------------------|
|  |             |                                  |                        |               |            | Dec*             | YTD*  | 2007  | 1 Year          | 3 Year | 5 Year |                             |
| <b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b> |             |                                  |                        |               |            |                  |       |       |                 |        |        |                             |
| 9077   | FQBRC       | Fid VIP Aggressive Growth        |                        | 6.52          | Hold       | 1.4              | -50.0 | 17.1  | -50.0           | -14.2  | --     | 1.44                        |
| 9067   | FLRQC       | Fid VIP Asset Manager            |                        | 8.88          | Hold       | 1.7              | -29.4 | 15.1  | -29.4           | -4.6   | -1.3   | 0.88                        |
| 9066   | FAEEC       | Fid VIP Asset Manager: Growth    |                        | 8.19          | Hold       | 1.3              | -36.6 | 18.5  | -36.6           | -7.2   | -2.8   | 1.11                        |
| 9069   | FJBAC       | Fid VIP Balanced                 |                        | 8.19          | OK to Sell | 2.7              | -35.0 | 8.6   | -35.0           | -7.8   | -3.0   | 0.95                        |
| 9081   | FVHAC       | Fid VIP Consumer Discretionary   | 1.00%/60 days          | 6.68          | OK to Buy  | 3.8              | -35.4 | -8.5  | -35.4           | -12.8  | -6.0   | 1.17                        |
| 9171   | FCSAC       | Fid VIP Consumer Staples         | 1.00%/60 days          | 8.63          | Buy        | 1.9              | -22.4 | 11.6p | -22.4           | --     | --     | --                          |
| 9065   | FPDFC       | Fid VIP Contrafund               |                        | 7.86          | Hold       | 0.1              | -43.5 | 17.2  | -43.5           | -9.7   | -0.5   | 1.17                        |
| 9148   | FPRGC       | Fid VIP Disciplined Small Cap    |                        | 6.33          | Buy        | 2.4              | -35.8 | -2.7  | -35.8           | --     | --     | --                          |
| 9074   | FZAMC       | Fid VIP Dynamic Capital App      |                        | 7.60          | OK to Buy  | 3.1              | -42.5 | 6.6   | -42.5           | -11.4  | -3.4   | 1.18                        |
| 9198   | FEMAC       | Fid VIP Emerging Markets         | 1.00%/60 days          | 4.40          | OK to Buy↓ | 5.7              | -59.6 | --    | --              | --     | --     | --                          |
| 9085   | FJLLC       | Fid VIP Energy                   | 1.00%/60 days          | 8.30          | Buy        | -7.2             | -55.2 | 45.5  | -55.2           | -8.8   | 6.2    | 2.12                        |
| 9061   | FLOLC       | Fid VIP Equity-Income            |                        | 6.97          | Buy        | -0.1             | -43.9 | 1.1   | -43.9           | -12.1  | -4.7   | 1.13                        |
| 9083   | FONNC       | Fid VIP Financial Services       | 1.00%/60 days          | 5.18          | Hold       | 0.0              | -51.5 | -13.8 | -51.5           | -21.5  | -10.6  | 1.32                        |
| 9157   | FMPAC       | Fid VIP FundsManager 20          |                        | 10.10         | Hold       | 2.2              | -8.7  | 5.8   | -8.7            | --     | --     | --                          |
| 9158   | FMPBC       | Fid VIP FundsManager 50          |                        | 8.68          | Hold       | 2.6              | -23.3 | 6.8   | -23.3           | --     | --     | --                          |
| 9197   | FMPPC       | Fid VIP FundsManager 60          |                        | 7.46          | Hold       | 2.9              | -28.0 | --    | --              | --     | --     | --                          |
| 9159   | FMPCC       | Fid VIP FundsManager 70          |                        | 7.69          | Hold       | 2.1              | -33.0 | 7.5   | -33.0           | --     | --     | --                          |
| 9160   | FMPDC       | Fid VIP FundsManager 85          |                        | 7.06          | Hold       | 2.3              | -39.1 | 8.4   | -39.1           | --     | --     | --                          |
| 9062   | FMNDC       | Fid VIP Growth                   |                        | 7.17          | Buy        | -1.8             | -48.1 | 26.5  | -48.1           | -11.3  | -5.6   | 1.25                        |
| 9070   | FLFNC       | Fid VIP Growth & Income          |                        | 7.57          | Hold       | -0.7             | -42.7 | 11.8  | -42.7           | -10.4  | -4.2   | 1.09                        |
| 9068   | FIDPC       | Fid VIP Growth Opportunities     |                        | 6.04          | OK to Sell | -2.0             | -55.9 | 22.7  | -55.9           | -17.2  | -8.2   | 1.67                        |
| 9078   | FPVDC       | Fid VIP Growth Stock             |                        | 6.89          | OK to Buy  | 0.6              | -45.7 | 22.1  | -45.7           | -12.6  | --     | 1.31                        |
| 9084   | FPDRC       | Fid VIP Health Care              | 1.00%/60 days          | 8.09          | Buy        | 5.3              | -33.0 | 9.7   | -33.0           | -8.0   | -0.5   | 1.01                        |
| 9060   | FBBLC       | Fid VIP High Income              |                        | 8.58          | Buy        | 2.8              | -25.3 | 2.3   | -25.3           | -5.4   | -1.3   | 0.78                        |
| 9064   | FXVLT       | Fid VIP Index 500                |                        | 7.66          | Hold       | -0.3             | -38.0 | 5.2   | -38.0           | -9.1   | -3.1   | 1.00                        |
| 9082   | FBALC       | Fid VIP Industrials              | 1.00%/60 days          | 8.35          | Hold       | 2.6              | -41.4 | 17.8  | -41.4           | -7.4   | 1.8    | 1.34                        |
| 9076   | FVJIC       | Fid VIP Int'l Capital App        | 1.00%/60 days          | 6.24          | Hold       | 6.3              | -51.5 | 4.8   | -51.5           | -16.7  | --     | 1.53                        |
| 9090   | FBKQT       | Fid VIP Investor Freedom 2005    |                        | 9.13          | Hold       | 1.8              | -24.8 | 8.3   | -24.8           | -3.8   | --     | 0.64                        |
| 9091   | FCRJT       | Fid VIP Investor Freedom 2010    |                        | 9.00          | Hold       | 1.9              | -25.8 | 8.4   | -25.8           | -4.3   | --     | 0.67                        |
| 9092   | FTCMT       | Fid VIP Investor Freedom 2015    |                        | 8.96          | Hold       | 1.9              | -28.0 | 9.0   | -28.0           | -4.7   | --     | 0.73                        |
| 9093   | FTEMT       | Fid VIP Investor Freedom 2020    |                        | 8.45          | Hold       | 1.9              | -33.6 | 9.9   | -33.6           | -6.7   | --     | 0.87                        |
| 9094   | FVIIT       | Fid VIP Investor Freedom 2025    |                        | 8.32          | Hold       | 1.9              | -35.1 | 10.1  | -35.1           | -7.2   | --     | 0.92                        |
| 9095   | FXJLT       | Fid VIP Investor Freedom 2030    |                        | 7.95          | Hold       | 1.6              | -39.1 | 11.0  | -39.1           | -8.7   | --     | 1.03                        |
| 9089   | FBXOT       | Fid VIP Investor Freedom Income  |                        | 10.17         | Hold       | 1.5              | -11.1 | 5.8   | -11.1           | 0.0    | --     | 0.32                        |
| 9063   | FTLKC       | Fid VIP Investment Grade Bond    |                        | 10.51         | Buy        | 3.6              | -3.4  | 4.0   | -3.4            | 1.4    | 1.8    | 0.29                        |
| 9172   | FVMAC       | Fid VIP Materials                | 1.00%/60 days          | 5.93          | Hold       | 1.3              | -48.0 | 14.7p | -48.0           | --     | --     | --                          |
| 9071   | FNBSAC      | Fid VIP Mid Cap                  |                        | 8.19          | Buy        | 2.7              | -40.7 | 15.2  | -40.7           | -8.5   | 2.2    | 1.28                        |
| 9059   | FTNJC       | Fid VIP Money Market             |                        | 11.41         | --         | 0.2              | 2.7   | 4.9   | 2.7             | 4.0    | 2.9    | 0.02                        |
| 9088   | FEMMC       | Fid VIP Overseas                 | 1.00%/60 days          | 8.42          | Hold       | 5.3              | -44.8 | 16.9  | -44.8           | -8.8   | --     | 1.29                        |
| 9072   | FFWKC       | Fid VIP Real Estate              |                        | 6.66          | Sell       | 14.0             | -42.9 | -18.0 | -42.9           | -14.0  | -0.7   | 2.01                        |
| 9075   | FGDQC       | Fid VIP Strategic Income         |                        | 10.22         | Buy        | 4.1              | -10.6 | 5.3   | -10.6           | 0.3    | --     | 0.48                        |
| 9086   | FYENC       | Fid VIP Technology               | 1.00%/60 days          | 6.45          | Hold       | 2.9              | -51.7 | 14.9  | -51.7           | -15.8  | -8.2   | 1.82                        |
| 9173   | FVTAC       | Fid VIP Telecommunications       | 1.00%/60 days          | 5.07          | OK to Sell | 0.6              | -48.9 | -1.1p | -48.9           | --     | --     | --                          |
| 9087   | FXRRC       | Fid VIP Utilities                | 1.00%/60 days          | 9.94          | Hold       | -4.2             | -37.2 | 20.2  | -37.2           | -0.3   | 5.9    | 1.19                        |
| 9079   | FKMSC       | Fid VIP Value                    |                        | 6.19          | Buy        | 1.1              | -48.2 | 1.7   | -48.2           | -15.6  | --     | 1.37                        |
| 9080   | FUEBC       | Fid VIP Value Leaders            |                        | 6.75          | Buy        | 0.1              | -45.8 | 4.2   | -45.8           | -13.5  | --     | 1.16                        |
| 9073   | FRBSC       | Fid VIP Value Strategies         |                        | 5.92          | Hold       | 3.2              | -52.7 | 5.3   | -52.7           | -16.8  | -7.9   | 1.55                        |
| 9199   | FCIFC       | Credit Suisse Int'l Focus        |                        | 6.13          | OK to Sell | 7.5              | -43.8 | --    | --              | --     | --     | --                          |
| 9147   | FPRLC       | Lazard Retirement Emerging Mkts  |                        | 7.49          | OK to Buy↓ | 7.0              | -49.1 | 33.3  | -49.1           | --     | --     | --                          |
| 9143   | FPRMC       | Morgan Stanley Emerg Mkt Debt    |                        | 9.76          | Hold       | 6.6              | -15.3 | 6.3   | -15.3           | -0.3   | 3.8    | 0.79                        |
| 9144   | FPRNC       | Morgan Stanley Emerg Mkt Equity  |                        | 6.76          | OK to Buy  | 6.7              | -56.9 | 40.1  | -56.9           | -6.3   | 6.0    | 2.00                        |
| 9145   | FPROC       | Morgan Stanley Gbl Value Equity  |                        | 7.06          | OK to Buy  | 4.3              | -40.3 | 6.4   | -40.3           | -8.5   | -2.0   | 1.08                        |
| 9146   | FPRPC       | Morgan Stanley Int'l Magnum      |                        | 6.91          | Buy        | 7.5              | -44.8 | 14.3  | -44.8           | -7.8   | 0.1    | 1.38                        |
| 9174   | FMCCC       | Strategic Advisors Mid Cap Value |                        | 5.91          | Hold       | 2.9              | -37.1 | -6.3p | -37.1           | --     | --     | --                          |
| 9175   | FSCCC       | Strategic Advisors Small Cap     |                        | 5.42          | Hold       | 3.3              | -40.9 | -8.5p | -40.9           | --     | --     | --                          |

\* As we went to press on New Year's Day, 12/31 annuity prices were not available so returns for annuity funds and our models are through 12/30.

| Annuity Growth Model                       |            |
|--|------------|
| Fund                                       | Allocation |
| Fidelity VIP Strategic Income              | 36%        |
| Fidelity VIP Growth                        | 23         |
| Fidelity VIP Value Leaders                 | 25         |
| Morgan Stanley Int'l Magnum                | 5          |
| Fidelity VIP Equity Income                 | 5          |
| Fidelity VIP Health Care                   | 6          |
| <b>Total Return: Dec: 1.7% YTD: -36.6%</b> |            |

| Annuity Growth & Income Model              |            |
|--|------------|
| Fund                                       | Allocation |
| Fidelity VIP Investment Grade              | 33%        |
| Fidelity VIP Strategic Income              | 26         |
| Fidelity VIP Growth                        | 22         |
| Fidelity VIP Value Leaders                 | 15         |
| Fidelity VIP Equity Income                 | 4          |
| <b>Total Return: Dec: 1.8% YTD: -29.1%</b> |            |

| Annuity Income & Preservation Model        |            |
|--|------------|
| Fund                                       | Allocation |
| Fidelity VIP Investment Grade              | 35%        |
| Fidelity VIP Money Market                  | 26         |
| Fidelity VIP Strategic Income              | 18         |
| Fidelity VIP Value Leaders                 | 11         |
| Fidelity VIP Growth                        | 10         |
| <b>Total Return: Dec: 1.8% YTD: -17.9%</b> |            |

## DIVIDEND & DISTRIBUTION UPDATE

If there's a silver lining to last year's market collapse, it's the fact that so few mutual funds paid significant year-end distributions. However, when there have been large distributions in the past, we always reminded members that it's better to have that potential tax headache, rather than the alternative: paying no taxes because all you have are losses! Of course, 2008 is a prime example of that.

Year-end capital gains may consist of as many as four parts: qualified and non-qualified dividends, and short- and long-term capital gains. Add them together and the total distribution is in the column labelled "Dist\$".

For the most part, distributions are very modest this year, averaging about 1%. But a few funds distributed much more, particularly internationals. (Remember, you can never make money

on a distribution — you can only lose money in the form of taxes.)

In addition to funds that pay regular monthly dividends, funds scheduled to pay a capital gains distribution in January are: *Aggressive Growth*, *Convertible Securities*, *Equity-Income II*, *Growth Company*, *Independence*, *New Millennium* and *Strategic Dividend & Income*. The final year-end distributions are shown below. ■

| Fund                   | Ex-Date | Dist\$ | NAV\$ |
|------------------------|---------|--------|-------|
| 130/30 Large Cap       | 12/19   | 0.036  | 6.26  |
| Aggressive Growth      | 12/12   | 0.026  | 11.38 |
| Aggressive Growth      | 12/30   | 0.002  | 11.41 |
| Aggressive Int'l       | 12/5    | 0.030  | 6.51  |
| Arizona Muni Income    | 12/5    | 0.003  | 9.99  |
| Asset Manager 40%      | 12/19   | 0.054  | 7.20  |
| Asset Manager 50%      | 12/19   | 0.103  | 10.69 |
| Asset Manager 60%      | 12/19   | 0.117  | 6.49  |
| Asset Manager 70%      | 12/19   | 0.311  | 10.55 |
| Asset Manager 85%      | 12/19   | 0.184  | 8.32  |
| Automotive             | 12/12   | 0.290  | 14.36 |
| Balanced               | 12/19   | 0.084  | 12.92 |
| Banking                | 12/12   | 0.420  | 13.92 |
| Blue Chip Growth       | 12/19   | 0.123  | 25.93 |
| Blue Chip Value        | 12/12   | 0.070  | 7.61  |
| Brokerage & Invest     | 12/12   | 0.710  | 28.92 |
| Canada                 | 12/5    | 0.128  | 31.10 |
| Canada                 | 12/30   | 0.015  | 34.44 |
| Capital Appreciation   | 12/5    | 0.184  | 15.05 |
| Chemicals              | 12/12   | 0.610  | 45.79 |
| China Region           | 12/5    | 0.171  | 16.06 |
| Comm Equip             | 12/5    | 0.040  | 10.50 |
| Comm Equip             | 12/30   | 0.005  | 11.25 |
| Conn Muni Income       | 12/19   | 0.050  | 10.52 |
| Cons Discretionary     | 12/12   | 0.080  | 13.24 |
| Const & Housing        | 12/12   | 0.210  | 23.72 |
| Const & Housing        | 12/30   | 0.040  | 23.40 |
| Consumer Staples       | 12/12   | 0.659  | 48.38 |
| Contrafund             | 12/26   | 0.210  | 43.92 |
| Convertible Securities | 12/12   | 0.330  | 13.22 |
| Defense & Aero         | 12/12   | 0.400  | 45.42 |
| Disciplined Equity     | 12/5    | 0.257  | 16.50 |
| Diversified Int'l      | 12/5    | 0.312  | 19.02 |
| Dividend Growth        | 12/12   | 0.171  | 15.08 |
| Dynamic Strategies     | 12/26   | 0.147  | 6.53  |
| Electronics            | 12/5    | 0.190  | 20.59 |
| EMEA                   | 12/12   | 0.036  | 4.54  |
| Emerging Markets       | 12/5    | 0.240  | 11.64 |
| Environmental          | 12/5    | 0.060  | 12.30 |
| Environmental          | 12/30   | 0.010  | 13.14 |
| Equity-Income          | 12/12   | 0.209  | 29.84 |
| Equity-Income II       | 12/12   | 0.074  | 12.86 |
| Europe                 | 12/5    | 0.730  | 20.27 |
| Europe Capital App     | 12/5    | 0.560  | 12.17 |
| Export and Multi       | 12/5    | 0.005  | 13.48 |
| Fidelity Fund          | 12/19   | 0.114  | 22.31 |
| Fifty                  | 12/12   | 0.050  | 10.51 |
| Financial Services     | 12/19   | 1.160  | 45.68 |
| Focused Stock          | 12/5    | 0.070  | 8.79  |
| Four-in-One Index      | 12/26   | 0.605  | 19.18 |
| Freedom 2000           | 12/26   | 0.360  | 9.93  |
| Freedom 2005           | 12/26   | 0.300  | 8.22  |
| Freedom 2010           | 12/26   | 0.380  | 10.13 |
| Freedom 2015           | 12/26   | 0.290  | 8.36  |
| Freedom 2020           | 12/26   | 0.320  | 9.78  |
| Freedom 2025           | 12/26   | 0.250  | 8.00  |

| Fund                 | Ex-Date | Dist\$ | NAV\$ |
|----------------------|---------|--------|-------|
| Freedom 2030         | 12/26   | 0.250  | 9.44  |
| Freedom 2035         | 12/26   | 0.190  | 7.77  |
| Freedom 2040         | 12/26   | 0.130  | 5.40  |
| Freedom 2045         | 12/26   | 0.140  | 6.35  |
| Freedom 2050         | 12/26   | 0.130  | 6.22  |
| Freedom Income       | 12/26   | 0.100  | 9.45  |
| Global Balanced      | 12/5    | 0.550  | 15.78 |
| Government Income    | 12/19   | 0.030  | 10.99 |
| Growth & Income      | 12/12   | 0.039  | 12.69 |
| Growth Company       | 12/12   | 0.068  | 47.38 |
| Growth Company       | 12/30   | 0.010  | 48.19 |
| Growth Discovery     | 12/19   | 0.018  | 8.51  |
| Health Care          | 12/12   | 0.200  | 76.66 |
| Health Care          | 12/31   | 0.050  | 80.99 |
| Home Finance         | 12/12   | 0.450  | 10.65 |
| Income Rep 2016      | 12/30   | 0.736  | 39.66 |
| Income Rep 2018      | 12/30   | 0.801  | 38.50 |
| Income Rep 2020      | 12/30   | 0.618  | 37.75 |
| Income Rep 2022      | 12/30   | 0.717  | 37.17 |
| Income Rep 2024      | 12/30   | 0.836  | 36.70 |
| Income Rep 2026      | 12/30   | 0.650  | 36.20 |
| Income Rep 2028      | 12/30   | 0.691  | 36.23 |
| Income Rep 2030      | 12/30   | 0.568  | 35.72 |
| Income Rep 2032      | 12/30   | 0.698  | 35.21 |
| Income Rep 2034      | 12/30   | 0.449  | 35.16 |
| Income Rep 2036      | 12/30   | 0.950  | 34.56 |
| Income Rep 2038      | 12/30   | 0.563  | 33.76 |
| Income Rep 2040      | 12/30   | 0.547  | 33.59 |
| Income Rep 2042      | 12/30   | 0.558  | 33.48 |
| Independence         | 12/12   | 0.085  | 13.88 |
| Industrial Equipment | 12/12   | 0.280  | 17.54 |
| Industrials          | 12/12   | 0.130  | 12.31 |
| Inflation-Protected  | 12/26   | 0.038  | 10.62 |
| Insurance            | 12/12   | 0.550  | 29.63 |
| Intermediate Bond    | 12/19   | 0.030  | 9.05  |
| International Growth | 12/5    | 0.064  | 4.91  |
| International Value  | 12/5    | 0.114  | 5.23  |
| Int'l Discovery      | 12/5    | 0.336  | 21.20 |
| Int'l Enhanced       | 12/12   | 0.120  | 5.39  |
| Int'l Small Cap Opps | 12/30   | 0.003  | 5.91  |
| Japan                | 12/5    | 0.120  | 7.55  |
| Japan Smaller Cos    | 12/5    | 0.050  | 6.48  |
| L Cap Core Enhcd     | 12/12   | 0.110  | 6.21  |
| L Cap Growth Enhcd   | 12/12   | 0.080  | 6.17  |
| L Cap Value Enhcd    | 12/12   | 0.120  | 5.72  |
| Large Cap Growth     | 12/12   | 0.046  | 6.30  |
| Large Cap Stock      | 12/5    | 0.110  | 9.47  |
| Large Cap Value      | 12/12   | 0.185  | 8.19  |
| Latin America        | 12/5    | 0.350  | 24.38 |
| Latin America        | 12/30   | 0.110  | 27.12 |
| Leisure              | 12/19   | 0.470  | 52.54 |
| Leveraged Co Stock   | 12/12   | 0.091  | 13.73 |
| Leveraged Co Stock   | 12/30   | 0.010  | 13.98 |
| Low-Priced Stock     | 12/12   | 0.024  | 21.79 |
| Magellan             | 12/5    | 0.104  | 42.37 |
| Materials            | 12/12   | 0.190  | 29.30 |

| Fund                  | Ex-Date | Dist\$ | NAV\$ |
|-----------------------|---------|--------|-------|
| Materials             | 12/30   | 0.010  | 29.92 |
| Medical Equipment     | 12/12   | 0.005  | 17.47 |
| Mega Cap Stock        | 12/12   | 0.066  | 6.77  |
| Mid Cap Enhanced      | 12/12   | 0.060  | 5.77  |
| Mid Cap Growth        | 12/12   | 0.061  | 6.47  |
| Mid Cap Value         | 12/12   | 0.157  | 8.78  |
| Mid-Cap Stock         | 12/19   | 0.051  | 15.13 |
| Multimedia            | 12/12   | 0.060  | 20.93 |
| Nasdaq Comp Index     | 12/19   | 0.200  | 20.68 |
| New Jersey Muni Inc   | 12/19   | 0.025  | 10.53 |
| New Millennium        | 12/19   | 0.110  | 17.15 |
| Nordic                | 12/5    | 1.060  | 16.80 |
| Overseas              | 12/5    | 0.370  | 22.43 |
| Pacific Basin         | 12/5    | 0.070  | 11.54 |
| Paper & Forest        | 12/12   | 0.250  | 15.40 |
| Penn Muni Income      | 12/26   | 0.020  | 10.13 |
| Pharmaceuticals       | 12/12   | 0.110  | 8.34  |
| Puritan               | 12/19   | 0.115  | 12.84 |
| Real Estate Income    | 12/19   | 0.200  | 6.61  |
| Real Estate Income    | 12/30   | 0.040  | 6.62  |
| Real Estate Invest    | 12/19   | 0.240  | 15.09 |
| Real Estate Invest    | 12/30   | 0.020  | 14.87 |
| Retailing             | 12/19   | 0.200  | 28.78 |
| S Cap Enhanced        | 12/12   | 0.035  | 6.15  |
| S Cap Enhanced        | 12/30   | 0.005  | 6.38  |
| Sel Utilities         | 12/5    | 0.850  | 39.09 |
| Small Cap Independ    | 12/5    | 0.023  | 9.85  |
| Small Cap Stock       | 12/5    | 0.010  | 8.82  |
| Small Cap Value       | 12/5    | 0.068  | 8.45  |
| Southeast Asia        | 12/5    | 0.180  | 17.30 |
| Southeast Asia        | 12/30   | 0.015  | 18.51 |
| Spartan 500 Index     | 12/19   | 1.280  | 60.97 |
| Spartan Int'l Index   | 12/19   | 0.890  | 25.58 |
| Sptn Ext Mkt Index    | 12/19   | 0.670  | 21.98 |
| Sptn Interm Treas     | 12/19   | 0.025  | 11.64 |
| Sptn Lng-Term Treas   | 12/19   | 0.010  | 12.41 |
| Sptn Sht-Term Treas   | 12/19   | 0.030  | 10.80 |
| Sptn Total Mkt. Index | 12/19   | 0.540  | 24.57 |
| Stock Selector        | 12/5    | 0.223  | 16.51 |
| Strategic Divi & Inc  | 12/19   | 0.052  | 6.94  |
| Strategic Real Return | 12/19   | 0.507  | 6.75  |
| Tax Managed Stock     | 12/5    | 0.085  | 8.63  |
| Technology            | 12/5    | 0.090  | 36.93 |
| Technology            | 12/30   | 0.015  | 38.95 |
| Telecommunications    | 12/19   | 0.508  | 26.11 |
| Total Bond            | 12/19   | 0.003  | 9.14  |
| Total Int'l Equity    | 12/5    | 0.121  | 4.29  |
| Transportation        | 12/12   | 0.170  | 29.67 |
| Trend                 | 12/26   | 0.180  | 37.84 |
| Utilities             | 12/5    | 0.140  | 12.66 |
| Value                 | 12/3    | 0.235  | 36.79 |
| Value Discovery       | 12/12   | 0.090  | 9.91  |
| Value Strategies      | 12/12   | 0.157  | 12.96 |
| Wireless              | 12/5    | 0.060  | 4.07  |
| Worldwide             | 12/5    | 0.170  | 11.89 |

## FUND COMMENTARY

# Amid Global Recession, Stock Funds Crash

If not for the fact that there are so many lessons yet to be learned, 2008 was a year to forget.

While market historians will long argue this point, the origins of this historic debacle go back at least a generation with the government repealing, or simply ignoring, many Depression-era regulations. And, arguably, our problems go back further, as personal and government debt have spiraled out of control.

Still others point the finger at the Federal Reserve under Greenspan for keeping interest rates too low, for too long, which led to overpriced stocks and overpriced homes.

Part of our collective psyche is that the surest path to the American dream is through home ownership. That may or may not be true. But what is true is that too many people got mortgages they couldn't afford. Subprime loans were made to the poor, and even unemployed. At the same time, millions of existing homeowners were using the seemingly ever-appreciating values of their homes as a "free" source of funds.

Then, along came falling home prices, resets to mortgage teaser rates, \$147 a barrel oil, and soaring food prices. Delinquencies and home foreclosures skyrocketed, driving home values lower still, and the recession was in full throttle. Mortgage companies, banks, brokers and insurers (who failed to appreciate just how risky and leveraged their portfolios had become) collapsed. Bear Sterns had to be taken over, Lehman Brothers went under and Fannie Mae would have if not for its government backing.

With no one sure who would be next to fail, the credit markets simply froze. As lending came to a standstill, the Fed cut interest rates, and the lender and guarantor of last resort was the Treasury. With a new president set to take office, 2008 ended with the U.S. Government as the last best

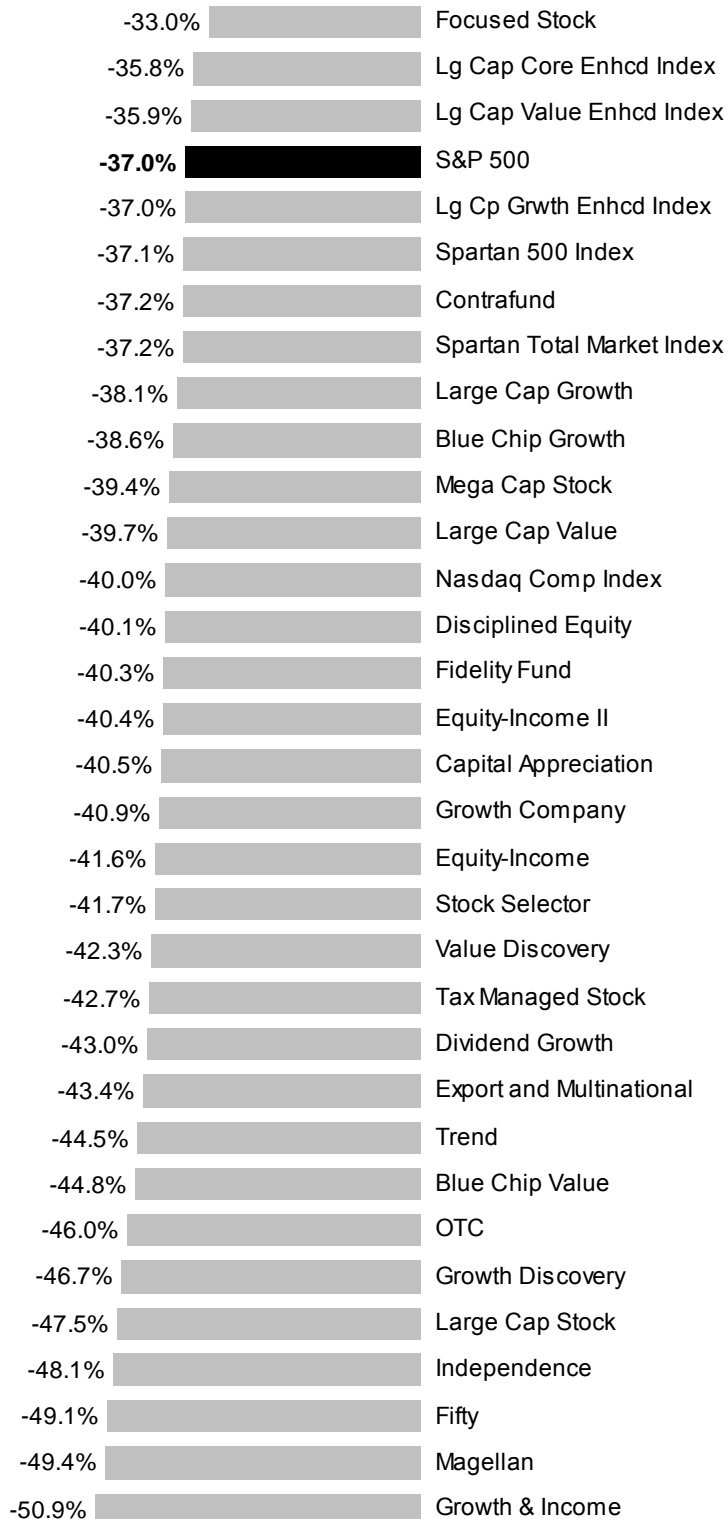
hope of buttressing the cascading fortunes of Wall Street and Main Street.

## Stock Market Returns

No corner of the stock market escaped this perfect storm. The Dow Jones Industrials Average and its 30 blue-chip components fell 31.9% last

year. Another large-cap barometer, the S&P 500, fared worse, shedding 37.0% of its value. In percentage terms, these were their worst one-year returns since 1931. Moving down the market-cap scale, the Russell Mid-Cap declined 41.5%, and the Russell 2000 index of small-cap stocks

## 2008 LARGE CAP STOCK FUND RETURNS



dropped 33.8%. Elsewhere, the Nasdaq Composite, whose value is heavily affected by technology, lost 40.0%. That was its worst performance ever.

### Equity Funds

As the tables on this and the facing page demonstrate, making money in stock funds was impossible (unless your fund was betting against stocks).

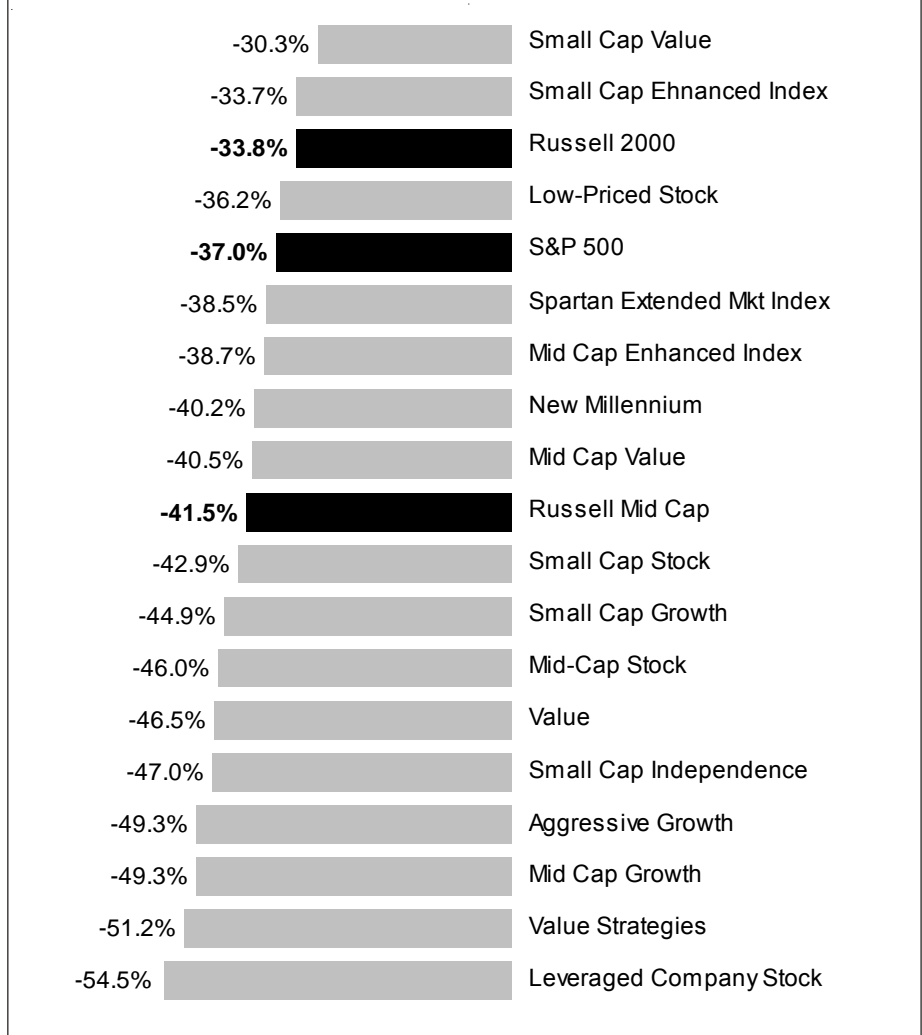
Although Fidelity's 32 large-cap funds are benchmarked to many different indexes, only one actively managed fund beat the S&P 500. Of course, given their losses, it's hard to imagine that anyone — especially their shareholders — cared very much about their strong relative returns. Nonetheless, **Focused Stock** (down 33.0%) led the way among large caps.

Managed by Steve DuFour, its extremely high market cap (which aided a number of other funds, including **Blue Chip Growth** and **Mega Cap Stock** as both large and small caps beat mid-caps) provided some performance cushion, while his stock picks within energy and financials were strong (comparatively speaking). But Steve's best move last year was to keep about 20% of the fund's assets in cash.

Turning to small- and mid-cap funds, only **Small Cap Value** (down 30.3%) and **Small Cap Enhanced Index** (down 33.7%) outpaced the Russell 2000's 33.8% decline — the latter just barely. There was no single reason why so many funds fared so poorly, but double-digit weights in foreign stocks was often a negative factor. That was certainly true for **Small Cap Stock** (which is closed to new investors), with about one quarter of its assets in foreign securities. (Until recently, Manager Andrew Sassine also ran **Int'l Small Cap** which was down 46.5%.) A large overweight in technology also hurt returns.

But the distinguishing characteristic between relative success and failure, last year, had less to do with market cap than it did with sector exposures. For example, two of the worst-performing areas were finan-

## 2008 MID AND SMALL CAP STOCK FUND RETURNS



cial and energy. While these are the traditional playing grounds for value funds, many growth-oriented funds maintain considerable exposures in these areas.

Fidelity's largest fund in terms of assets, **Contrafund** (see p. 4) fell 37.2%, but was the best-performing large-cap growth fund for most of 2008. It did this even as it carried the dead weight of a 20% stake in foreign stocks.

Looking at other large funds, with over half of **Growth Company's** (down 40.9%) assets in health care and tech, Manager Steve Wymer had to play them right to "succeed" last year. Unfortunately, his stockpicking was weak, while his mid-cap holdings generally hurt relative to his large-cap peers. At the same time, **Magellan** (down 49.4%) manager Harry Lange had his biggest weights in tech and

that sector's weak performance was a major contributor its woeful returns. What is somewhat more frustrating is that his stock selection within tech was poor, as he's historically been one of Fidelity's top investors in that space.

**Blue Chip Growth** also ran into problems in tech falling 38.6% last year. As was the case for many funds, even the best-run companies it owned saw their stocks taken to the woodshed by investors.

Finally, **Low-Priced Stock** (see p. 4) fell 36.2% last year, though Manager Joel Tillinghast's skill provided a performance edge relative to most other mid-and small-cap funds. Of course, in absolute terms, 2008 was a disaster, and assets flowed out. But we see this as a long-term positive as it should be easier for Joel to run it.

**Commentary** *cont'd on page 14*

### Specialty Funds

Given the sometimes very different nature of the funds in this group, a comparison of their returns makes little sense. But like all funds last year, they suffered at the hands of extremely risk-averse investors.

The best relative performer was **Strategic Real Return** (down 23.4%). In theory, its four distinct sub-portfolios are supposed to “fire” like a four-cylinder engine: not all are expected to provide power at the same time. However, last year, TIPS, floating-rate notes, commodity-linked notes and REITs all lost money simultaneously. Real estate woes rippled through a number of funds, with **International Real Estate** (down 50.5%) facing the headwinds of both an ailing sector and a stronger dollar.

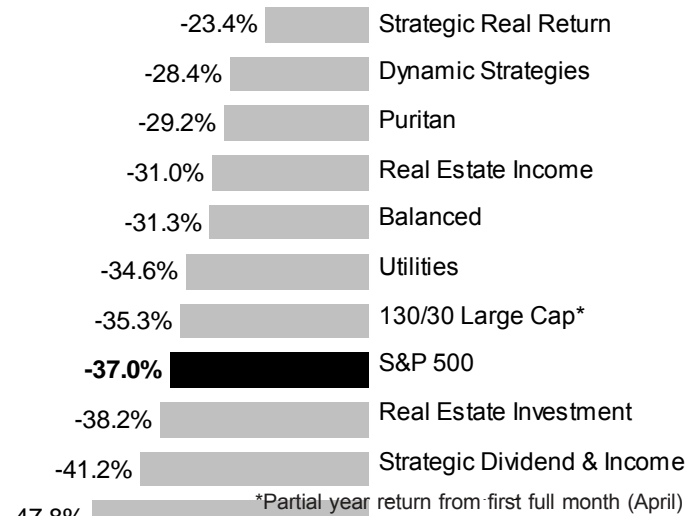
### International Funds

Want proof that the world’s markets are interconnected? The performance of Fidelity’s 25 international funds versus their U.S. counterparts is the only evidence you need.

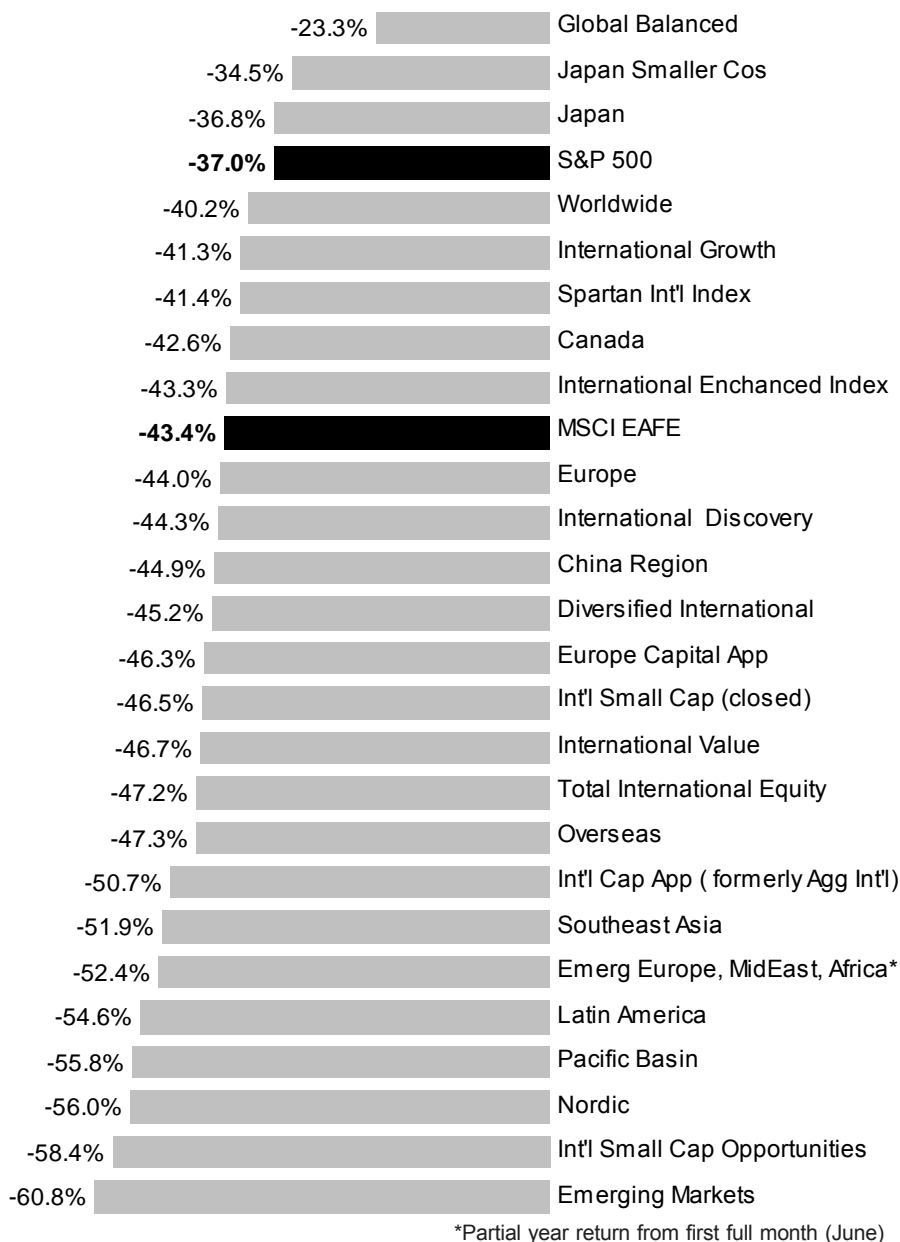
The broad-based MSCI EAFE (Europe Australasia, Far East) index actually declined to almost the same degree as the S&P 500 in local currency terms. But a 6% rise in the value of the dollar relative to a basket of foreign currencies accounted for its weaker return (down 43.4%) for U.S. investors.

One country whose currency bucked that trend was Japan, and the more your fund held there, the better its relative performance. And, the greater its emerging market exposure, the worse it fared. In the case of the latter, overblown growth expectations brought funds like **Southeast Asia** and **Latin America**, down 51.9% and -54.6%, respectively. Plunging commodity prices contributed to the pain, especially for the new **Emerging Europe, Middle East, Africa** fund. It shed 52.4% in just six months owing in part, to Russian stocks (30% of assets) losing 75% of their value.

## 2008 SPECIALTY STOCK FUND RETURNS



## 2008 INTERNATIONAL FUND RETURNS



## Select Funds

Among Fidelity's seven "broad-industry-based" Select funds, **Natural Resources** (down 52.4%) was the worst-performing last year as falling commodity prices eviscerated returns. **Technology** wasn't far behind, while **Financial Services** was terrible, too. Not surprisingly, within financials, **Home Finance** (not shown) fared worst, declining 58.6%.

That said, returns for all seven were negative. (Among all 41 Select funds, the average fund fell 41.0%.) The two best-performing broad funds were **Consumer Staples** (down 22.3%) and **Health Care** (down 32.4%). Both held up better than the S&P 500 (down 37.0%) because demand for their respective products and services are considered somewhat recession-resistant.

## Fixed Income Funds

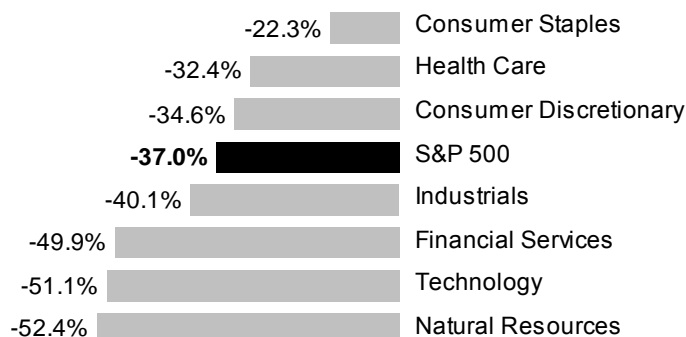
Last year's flight to safety resulted in billions of dollars leaving stock funds and moving into bond and money market funds. But extremely tight credit conditions roiled the fixed-income markets. And with the closure of a major money market fund, investors worried that even their "cash" was unsafe. So the U.S. Treasury stepped in to effectively insure certain money market accounts. It also injected billions into the commercial paper market, which helped ease conditions, at least somewhat. Nevertheless, investors flocked to the ultimate safety of Treasury bills, accepting a zero-percent yield near year-end!

Against this extraordinary backdrop, Fidelity's Treasury and government bond funds (with one exception) fared far better than funds holding riskier corporate "credits." **Spartan Long-Term Treasury Index** surged 24.1%, although **Inflation-Protected Bond**, which holds TIPS, fell 2.3% amid concerns about deflation.

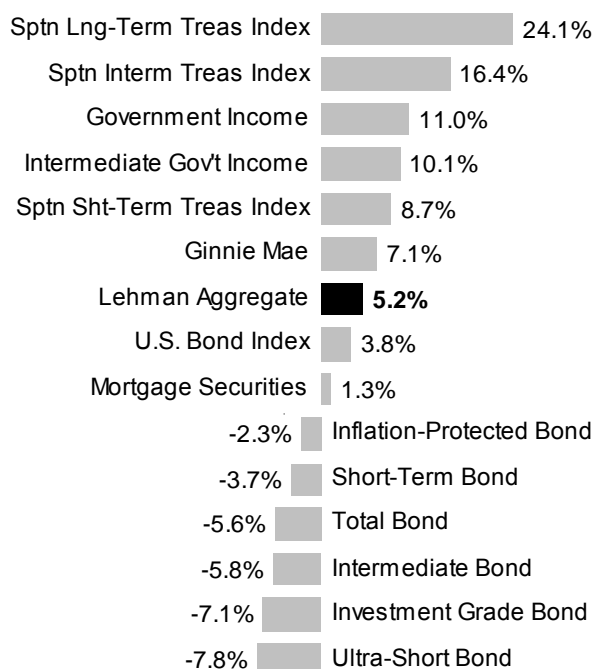
Needless-to-say, credit concerns also weighed on high-yield bond funds. The six offered by Fidelity vary greatly

**Commentary** *cont'd on page 16*

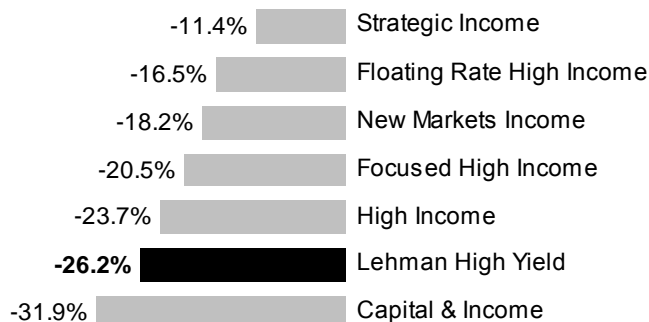
## 2008 BROAD SELECT FUND RETURNS



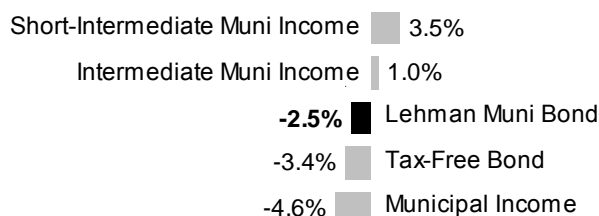
## 2008 TAXABLE BOND FUND RETURNS



## 2008 HIGH-YIELD BOND FUND RETURNS



## 2008 MUNICIPAL BOND FUND RETURNS



in terms of their risk, but with defaults and credit downgrades rising, reaching for additional yield last year was unwise. For example, **Capital & Income** lost 31.9% last year, while **New Markets Income**, which holds lower-quality, dollar-denominated emerging market debt, fell 18.2%.

As for municipal bond funds, lower tax receipts are putting pressure on state budgets, especially in California and Michigan (which is why our ratings on Fidelity's respective state funds have been lowered). But owning a diversified national muni fund can still make sense for investors in higher income brackets, as tax-equivalent yields can top 7% (see p. 9). The least interest-rate-sensitive muni fund, **Short-Intermediate Muni Income**, was the top-performer in 2008 with a return of 3.5%.

One of the biggest surprises of 2008 came from the most staid and overlooked area of the fixed-income markets: money market funds.

In the fall, one of the country's highest-yielding money funds broke the buck. Shareholders couldn't get their money out and, when they did, they received just 97 cents on the dollar. For a brief time, this effectively caused a run on money funds, even though the commercial paper market was relatively healthy.

Vociferous in telling investors that their money market funds were absolutely safe, Fidelity still joined the entire industry in the Treasury's "Temporary Guarantee Program" that insured certain money market assets. **Cash Reserves'** yield at the start of 2008 was 4.87% and, following the Fed's many cuts, yielded 1.96% at year-end. While undeniably paltry, relative to everything else, in 2008, cash was certainly king. ■

## Inside Fidelity

**Manager Changes** — Jed Weiss is the new manager of **International Small Cap Opportunities**, succeeding Andrew Sassine. Andy will continue to manage the domestic **Small Cap Stock** fund while Jed continues to run **International Growth** and co-manage **Total International Equity**. As well, Nick Price is now the sole manager of **Japan Smaller Companies** (which has re-opened), as Kenichi Mizushita has stepped down as co-manager.

Meanwhile, Andy Dierdorf and Bill Hall are the new co-managers of **Four-in-One Index**, succeeding Derek Young and Chris Sharpe, whose fund responsibilities elsewhere at Fidelity are unchanged.

Among Select funds, Stephen Barwikowski and Chris Lin are the new co-managers of **Electronics**. (Don't be surprised to see more reassignments among Select fund managers in the next few weeks.)

Finally, Robert Donahue is now the "primary manager" of five state-specific municipal money market funds: **Michigan**, **New Jersey** (and **New Jersey AMT Tax-Free**), **Ohio** and **Pennsylvania**. He had previously served on each fund as a co-manager, but Fidelity has effectively rewarded him with sole stewardship of them as a "natural step up" in his career.

**Fund Re-openings** — **Contrafund**, **Low-Priced Stock** and **Japan Smaller Companies** were re-opened to new investors last month.

**Name Change** — Aggressive International has changed its name to **Int'l Cap App** (which better reflects its investment strategy). Also, Select Utilities Growth changed its name to **Select Utilities**. As for Fidelity's

"regular" (non-Select) **Utilities** fund, it keeps its name and we continue to classify it as a "Specialty" fund in our *Scorecard*.

What's the difference between the two? The newly renamed Select Utilities focuses only on electric and gas utilities, while Utilities owns a combination of traditional utilities and telecom stocks. ■

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## Message To Members

One can only hope that the worst of last year's stock-market burnout is over. Unfortunately, there's no magic that occurs in flipping the calendar.

Last January, we called for a lousy economy, and our models were middle-of-the-road in terms of their aggressiveness. That proved to offer little protection. In hindsight, we should have been even more defensively positioned. I take no comfort in that we had plenty of company in that boat.

Those members who follow our more conservative models were helped by our allocations to bonds, money markets and alternative investments. But "relatively" good performance is of no consolation to me or to you. As we say in our business, "you can't eat relative performance."

As we enter 2009, the world's economy and financial markets still face great challenges. But the recoveries of both will happen just like their collapse — with no advance notice. So it's more important than ever for your portfolios to be properly positioned in accordance with your investment objectives and tolerance for risk.

Sincerely,



Eric M. Kobren  
ekobren@kobren.com



**Executive Editor:** Eric M. Kobren **Group Editor:** John G.F. Bonnanzio **Publisher:** John M. Boyd

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**Editorial Questions:** fidoq&a@kobren.com **Subscription Questions:** memberservices@kobren.com or 1-800-444-MFIA **Hotline:** 781-235-1560