

Fidelity® Variable Insurance Products:

Contrafund® Portfolio

Annual Report
December 31, 2017



Contents

Performance	3
Management's Discussion of Fund Performance	4
Investment Summary	5
Investments	6
Financial Statements	13
Notes to Financial Statements	20
Report of Independent Registered Public Accounting Firm	26
Trustees and Officers	27
Shareholder Expense Example	34
Distributions	35
Board Approval of Investment Advisory Contracts and Management Fees	36

To view a fund's proxy voting guidelines and proxy voting record for the 12-month period ended June 30, visit <http://www.fidelity.com/proxyvotingresults> or visit the Securities and Exchange Commission's (SEC) web site at <http://www.sec.gov>.

You may also call 1-877-208-0098 to request a free copy of the proxy voting guidelines.

Fidelity® Variable Insurance Products are separate account options which are purchased through a variable insurance contract.

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This report and the financial statements contained herein are submitted for the general information of the shareholders of the Fund. This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus.

A fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Forms N-Q are available on the SEC's web site at <http://www.sec.gov>. A fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330.

For a complete list of a fund's portfolio holdings, view the most recent holdings listing, semiannual report, or annual report on Fidelity's web site at <http://www.fidelity.com>, <http://www.institutional.fidelity.com>, or <http://www.401k.com>, as applicable.

NOT FDIC INSURED •MAY LOSE VALUE •NO BANK GUARANTEE

Neither the Fund nor Fidelity Distributors Corporation is a bank.

Performance: The Bottom Line

Average annual total return reflects the change in the value of an investment, assuming reinvestment of distributions from dividend income and capital gains (the profits earned upon the sale of securities that have grown in value, if any) and assuming a constant rate of performance each year. During periods of reimbursement by Fidelity, a fund's total return will be greater than it would be had the reimbursement not occurred. Performance numbers are net of all underlying fund operating expenses, but do not include any insurance charges imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total returns would have been lower. How a fund did yesterday is no guarantee of how it will do tomorrow.

Average Annual Total Returns

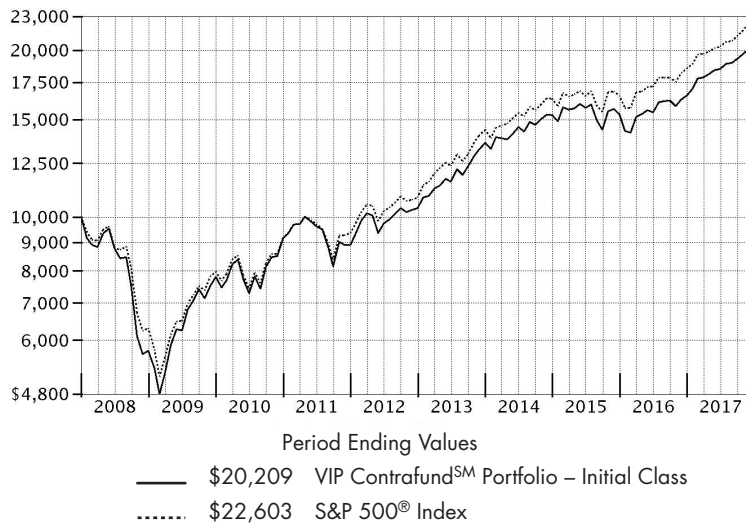
For the periods ended December 31, 2017

	Past 1 year	Past 5 years	Past 10 years
Initial Class	21.88%	14.26%	7.29%
Service Class	21.76%	14.14%	7.18%
Service Class 2	21.59%	13.97%	7.02%
Investor Class	21.81%	14.17%	7.20%

\$10,000 Over 10 Years

Let's say hypothetically that \$10,000 was invested in VIP ContrafundSM Portfolio – Initial Class on December 31, 2007.

The chart shows how the value of your investment would have changed, and also shows how the S&P 500[®] Index performed over the same period.



Management's Discussion of Fund Performance

Market Recap: U.S. equities gained 21.83% in 2017, as the S&P 500[®] index rose steadily and closed the year just shy of an all-time high after a particularly strong three-month finish. Early on, equities rallied on optimism for President Trump's pro-business agenda but leveled off in March amid fading optimism and stalled efforts by Congress to repeal and replace the Affordable Care Act. Upward momentum soon returned and continued through year-end with consumer sentiment and other market indicators staying positive. The lone exception was a brief cooldown in August, when geopolitical tension escalated and uncertainty grew regarding the future of health care, tax reform and the debt ceiling. Sector-wise, information technology fared best by a wide margin, rising 39% amid strong earnings growth from several major index constituents. A 24% gain in materials was spurred by increased demand, especially from China. Consumer discretionary gained 23%, despite many brick-and-mortar retailers suffering from online competition, and financials edged the broader market on an uptick in bond yields. Conversely, the defensive energy and telecom services sectors returned about -1% each. Rising interest rates held back real estate (+11%), while consumer staples (+13%) and utilities (+12%) struggled due to investors' general preference for risk assets.

Comments from Co-Portfolio Manager Robert Stansky: For the year, the fund's share classes gained roughly 22%, about in line with the benchmark S&P 500[®] index. Versus the benchmark, stock selection in the information technology sector was by far the biggest positive, especially in software & services. Picks in financials and real estate also helped. The fund's two largest relative contributors were software & services holdings: Autodesk, a maker of design software for engineering and architectural firms, and China-based online advertising provider 58.com, a non-benchmark position. Autodesk has been transitioning its business to a subscription, cloud-based model, and it made solid progress toward that goal in 2017. It was among our largest holdings at year-end. 58.com has been on an acquisition tear of late, and has been one beneficiary of the rapid expansion in China's middle class. Electric automaker Tesla further bolstered our relative performance. Conversely, stock selection in consumer discretionary and health care weighed on relative performance, as did a small cash position in a strongly advancing market. Within consumer discretionary, shares of consumer products company Newell Brands – which we bought in August – fell sharply in early November after the company reported weaker-than-expected sales and lowered its earnings guidance for 2017. Also detracting was retailer L Brands, which was sold from the fund.

The views expressed above reflect those of the portfolio manager(s) only through the end of the period as stated on the cover of this report and do not necessarily represent the views of Fidelity or any other person in the Fidelity organization. Any such views are subject to change at any time based upon market or other conditions and Fidelity disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fidelity fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fidelity fund.

Notes to shareholders: On August 3, 2017, Chip Perrone became Co-Manager of the fund, succeeding Peter Dixon in overseeing the consumer discretionary sleeve. On November 17, 2017, Richard Malnight assumed Co-Manager responsibilities for the fund's materials sleeve, succeeding Tobias Welo.

Investment Summary (Unaudited)

Top Ten Stocks as of December 31, 2017

	% of fund's net assets
Alphabet, Inc. Class C	2.9
Bank of America Corp.	2.4
Amazon.com, Inc.	2.3
Autodesk, Inc.	2.0
UnitedHealth Group, Inc.	2.0
Microsoft Corp.	1.8
Capital One Financial Corp.	1.6
The Walt Disney Co.	1.6
Facebook, Inc. Class A	1.5
Citrix Systems, Inc.	1.5
	<u>19.6</u>

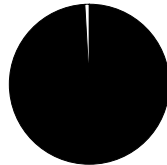
Top Market Sectors as of December 31, 2017

	% of fund's net assets
Information Technology	21.8
Financials	14.9
Consumer Discretionary	13.8
Health Care	13.5
Industrials	9.8
Consumer Staples	8.1
Energy	6.0
Materials	3.0
Utilities	2.9
Real Estate	2.8

Asset Allocation (% of fund's net assets)

As of December 31, 2017 *

■ Stocks and Equity Futures	99.1%
□ Short-Term Investments and Net Other Assets (Liabilities)	0.9%



* Foreign investments – 8.4%

Investments December 31, 2017

Showing Percentage of Net Assets

Common Stocks – 98.5%

	Shares	Value
CONSUMER DISCRETIONARY – 13.8%		
Auto Components – 0.6%		
Aptiv PLC	1,142,600	\$ 96,926,758
Delphi Technologies PLC (a)	558,166	29,286,970
		<u>126,213,728</u>
Automobiles – 0.4%		
Tesla, Inc. (a)	249,450	77,666,258
Diversified Consumer Services – 0.6%		
ServiceMaster Global Holdings, Inc. (a)	2,410,096	123,565,622
Hotels, Restaurants & Leisure – 1.8%		
Marriott International, Inc. Class A	834,401	113,253,248
Starbucks Corp.	3,950,600	226,882,958
U.S. Foods Holding Corp. (a)	330,200	10,543,286
		<u>350,679,492</u>
Household Durables – 1.2%		
Mohawk Industries, Inc. (a)	460,854	127,149,619
Newell Brands, Inc.	3,263,900	100,854,510
		<u>228,004,129</u>
Internet & Direct Marketing Retail – 2.5%		
Amazon.com, Inc. (a)	388,500	454,339,095
JD.com, Inc. sponsored ADR (a)	1,272,400	52,702,808
		<u>507,041,903</u>
Media – 3.5%		
Comcast Corp. Class A	7,318,500	293,105,925
DISH Network Corp. Class A (a)	70,400	3,361,600
MDC Partners, Inc. Class A (a)	2,160,073	21,060,712
The Walt Disney Co.	2,895,800	311,327,458
Time Warner, Inc.	724,726	66,290,687
Weinstein Co. Holdings LLC Class A-1 (a)(b)(c)(d)	11,499	0
		<u>695,146,382</u>
Specialty Retail – 2.1%		
Home Depot, Inc.	1,185,689	224,723,636
TJX Companies, Inc.	2,575,321	196,909,044
		<u>421,632,680</u>
Textiles, Apparel & Luxury Goods – 1.1%		
NIKE, Inc. Class B	2,667,652	166,861,633
Tapstry, Inc.	1,156,200	51,138,726
		<u>218,000,359</u>
TOTAL CONSUMER DISCRETIONARY		<u>2,747,950,553</u>
CONSUMER STAPLES – 8.1%		
Beverages – 1.8%		
Anheuser-Busch InBev SA NV	321,700	35,915,051
Constellation Brands, Inc. Class A (sub. vtg.)	330,400	75,519,528
Molson Coors Brewing Co. Class B	121,100	9,938,677
Monster Beverage Corp. (a)	919,988	58,226,041
The Coca-Cola Co.	4,159,506	190,838,135
		<u>370,437,432</u>
Food & Staples Retailing – 1.3%		
CVS Health Corp.	1,965,464	142,496,140
Kroger Co.	2,831,464	77,723,687

	Shares	Value
Rite Aid Corp. (a)(e)	2,899,727	\$ 5,712,462
Walgreens Boots Alliance, Inc.	536,500	38,960,630
		<u>264,892,919</u>
Food Products – 1.0%		
Blue Buffalo Pet Products, Inc. (a)(e)	268,200	8,794,278
Bunge Ltd.	663,481	44,506,305
Mondelez International, Inc.	2,243,600	96,026,080
The Hain Celestial Group, Inc. (a)	54,092	2,292,960
The Kraft Heinz Co.	53,900	4,191,264
The Simply Good Foods Co.	963,900	13,745,214
TreeHouse Foods, Inc. (a)	486,798	24,077,029
		<u>193,633,130</u>
Household Products – 0.8%		
Colgate-Palmolive Co.	1,609,687	121,450,884
Kimberly-Clark Corp.	126,167	15,223,310
Spectrum Brands Holdings, Inc.	168,117	18,896,351
		<u>155,570,545</u>
Personal Products – 0.7%		
Avon Products, Inc. (a)	8,797,544	18,914,720
Coty, Inc. Class A	2,069,336	41,159,093
Edgewell Personal Care Co. (a)	267,500	15,886,825
Estee Lauder Companies, Inc. Class A	486,374	61,886,228
Unilever NV (Certificaten Van Aandelen) (Bearer)	188,400	10,607,485
		<u>148,454,351</u>
Tobacco – 2.5%		
Altria Group, Inc.	716,556	51,169,264
British American Tobacco PLC sponsored ADR	3,247,981	217,582,247
Philip Morris International, Inc.	2,144,078	226,521,841
		<u>495,273,352</u>
TOTAL CONSUMER STAPLES		<u>1,628,261,729</u>
ENERGY – 6.0%		
Energy Equipment & Services – 0.5%		
Baker Hughes, a GE Co. Class A	1,109,200	35,095,088
Hess Midstream Partners LP	396,700	7,858,627
NCS Multistage Holdings, Inc.	925,400	13,640,396
Oceaneering International, Inc.	479,162	10,129,485
Schlumberger Ltd.	339,700	22,892,383
		<u>89,615,979</u>
Oil, Gas & Consumable Fuels – 5.5%		
Anadarko Petroleum Corp.	1,328,721	71,272,594
Black Stone Minerals LP	736,600	13,214,604
Boardwalk Pipeline Partners, LP	1,552,000	20,036,320
Cabot Oil & Gas Corp.	1,248,035	35,693,801
Centennial Resource Development, Inc.:		
Class A (a)	393,700	7,795,260
Class A (c)	400,000	7,920,000
Chevron Corp.	738,400	92,440,296
Cimarex Energy Co.	357,900	43,667,379
ConocoPhillips Co.	2,086,400	114,522,496
Devon Energy Corp.	1,722,600	71,315,640
EOG Resources, Inc.	618,900	66,785,499

See accompanying notes which are an integral part of the financial statements.

Common Stocks – continued

	Shares	Value
ENERGY – continued		
Oil, Gas & Consumable Fuels – continued		
Extraction Oil & Gas, Inc. (a)	425,209 \$	6,084,741
Extraction Oil & Gas, Inc. (c)	541,782	7,752,900
Exxon Mobil Corp.	1,594,902	133,397,603
Newfield Exploration Co. (a)	1,408,600	44,413,158
Parsley Energy, Inc. Class A (a)	1,659,457	48,854,414
PDC Energy, Inc. (a)	447,050	23,040,957
Phillips 66 Co.	771,039	77,990,595
Pioneer Natural Resources Co.	332,900	57,541,765
PrairieSky Royalty Ltd.	811,912	20,707,954
Reliance Industries Ltd.	1,227,178	17,705,080
Suncor Energy, Inc.	1,571,395	57,692,824
Suncor Energy, Inc.	66,000	2,423,520
Valero Energy Corp.	702,700	64,585,157
		<u>1,106,854,557</u>
TOTAL ENERGY		<u>1,196,470,536</u>
FINANCIALS – 14.9%		
Banks – 7.2%		
Bank of America Corp.	15,805,614	466,581,725
Citigroup, Inc.	3,303,450	245,809,715
Huntington Bancshares, Inc.	13,648,196	198,717,734
JPMorgan Chase & Co.	734,206	78,515,990
KeyCorp	2,231,600	45,011,372
PNC Financial Services Group, Inc.	946,200	136,527,198
Societe Generale Series A	389,000	20,055,103
SunTrust Banks, Inc.	1,006,400	65,003,376
Synovus Financial Corp.	396,323	18,999,725
Wells Fargo & Co.	2,597,100	157,566,057
		<u>1,432,787,995</u>
Capital Markets – 2.7%		
Affiliated Managers Group, Inc.	87,800	18,020,950
BlackRock, Inc. Class A	223,213	114,666,750
CBOE Holdings, Inc.	236,691	29,489,332
Credit Suisse Group AG	915,852	16,334,884
E*TRADE Financial Corp. (a)	2,060,078	102,118,066
Goldman Sachs Group, Inc.	131,200	33,424,512
IntercontinentalExchange, Inc.	822,600	58,042,656
Northern Trust Corp.	723,200	72,240,448
State Street Corp.	1,004,300	98,029,723
		<u>542,367,321</u>
Consumer Finance – 2.3%		
Capital One Financial Corp.	3,256,048	324,237,260
OneMain Holdings, Inc. (a)	1,592,097	41,378,601
SLM Corp. (a)	2,140,176	24,183,989
Synchrony Financial	1,858,600	71,760,546
		<u>461,560,396</u>
Diversified Financial Services – 0.5%		
Berkshire Hathaway, Inc.:		
Class A (a)	47	13,987,200
Class B (a)	178,300	35,342,626
KBC Ancora	450,178	28,352,267

	Shares	Value
Kimbell Royalty Partners LP	433,900 \$	7,050,875
On Deck Capital, Inc. (a)	595,900	3,420,466
		<u>88,153,434</u>
Insurance – 2.2%		
American International Group, Inc.	351,500	20,942,370
Chubb Ltd.	659,948	96,438,201
Hartford Financial Services Group, Inc.	1,140,100	64,164,828
Marsh & McLennan Companies, Inc.	796,470	64,824,693
MetLife, Inc.	1,456,600	73,645,696
The Travelers Companies, Inc.	927,700	125,833,228
		<u>445,849,016</u>
TOTAL FINANCIALS		<u>2,970,718,162</u>
HEALTH CARE – 13.5%		
Biotechnology – 3.6%		
Alexion Pharmaceuticals, Inc. (a)	625,832	74,843,249
Amgen, Inc.	1,403,733	244,109,169
Biogen, Inc. (a)	458,431	146,042,364
BioMarin Pharmaceutical, Inc. (a)	204,600	18,244,182
Celgene Corp. (a)	278,500	29,064,260
Regeneron Pharmaceuticals, Inc. (a)	135,600	50,980,176
Shire PLC sponsored ADR	231,800	35,956,816
TESARO, Inc. (a)	295,000	24,446,650
Vertex Pharmaceuticals, Inc. (a)	679,630	101,849,352
		<u>725,536,218</u>
Health Care Equipment & Supplies – 3.5%		
Abbott Laboratories	3,181,330	181,558,503
Becton, Dickinson & Co.	709,300	151,832,758
Boston Scientific Corp. (a)	5,558,549	137,796,430
Intuitive Surgical, Inc. (a)	238,800	87,147,672
Medtronic PLC	489,690	39,542,468
ResMed, Inc.	737,300	62,441,937
Wright Medical Group NV (a)	1,168,600	25,942,920
		<u>686,262,688</u>
Health Care Providers & Services – 3.2%		
DaVita HealthCare Partners, Inc. (a)	563,900	40,741,775
Henry Schein, Inc. (a)	385,582	26,944,470
Humana, Inc.	379,100	94,043,337
McKesson Corp.	539,000	84,057,050
UnitedHealth Group, Inc.	1,810,800	399,208,968
		<u>644,995,600</u>
Health Care Technology – 0.3%		
Cerner Corp. (a)	880,700	59,350,373
Life Sciences Tools & Services – 1.0%		
Agilent Technologies, Inc.	1,241,300	83,129,861
Thermo Fisher Scientific, Inc.	647,913	123,025,720
		<u>206,155,581</u>
Pharmaceuticals – 1.9%		
Allergan PLC	502,752	82,240,172
AstraZeneca PLC sponsored ADR	1,019,300	35,369,710
Bristol-Myers Squibb Co.	1,910,405	117,069,618
Jazz Pharmaceuticals PLC (a)	276,900	37,284,585
Merck & Co., Inc.	363,900	20,476,653
Mylan NV (a)	670,800	28,381,548

See accompanying notes which are an integral part of the financial statements.

Investments – continued

Common Stocks – continued

	Shares	Value
HEALTH CARE – continued		
Pharmaceuticals – continued		
Roche Holding AG (participation certificate)	149,535	\$ 37,810,728
Sanofi SA sponsored ADR	612,500	26,337,500
		<u>384,970,514</u>
TOTAL HEALTH CARE		<u>2,707,270,974</u>
INDUSTRIALS – 9.8%		
Aerospace & Defense – 1.7%		
Axon Enterprise, Inc. (a)	1,861,075	49,318,488
Lockheed Martin Corp.	126,100	40,484,405
Northrop Grumman Corp.	310,475	95,287,882
Orbital ATK, Inc.	30,450	4,004,175
Raytheon Co.	512,220	96,220,527
Rockwell Collins, Inc.	75,130	10,189,131
The Boeing Co.	16,210	4,780,491
United Technologies Corp.	306,548	39,106,328
		<u>339,391,427</u>
Air Freight & Logistics – 0.2%		
United Parcel Service, Inc. Class B	347,925	41,455,264
Airlines – 1.8%		
American Airlines Group, Inc.	4,005,001	208,380,202
JetBlue Airways Corp. (a)	2,803,460	62,629,296
United Continental Holdings, Inc. (a)	1,206,140	81,293,836
		<u>352,303,334</u>
Building Products – 0.5%		
Allegion PLC	1,145,070	91,101,769
Johnson Controls International PLC	381,720	14,547,349
		<u>105,649,118</u>
Commercial Services & Supplies – 0.1%		
Waste Management, Inc.	225,570	19,466,691
Construction & Engineering – 0.4%		
AECOM (a)	2,282,601	84,798,627
Electrical Equipment – 1.8%		
AMETEK, Inc.	1,184,854	85,866,369
Fortive Corp.	1,242,710	89,910,069
Sensata Technologies Holding BV (a)	2,659,571	135,930,674
Sunrun, Inc. (a)(e)(f)	6,185,222	36,492,810
Vivint Solar, Inc. (a)(e)	4,358,120	17,650,386
		<u>365,850,308</u>
Industrial Conglomerates – 1.0%		
3M Co.	92,770	21,835,275
General Electric Co.	6,075,181	106,011,908
Honeywell International, Inc.	474,890	72,829,130
		<u>200,676,313</u>
Machinery – 0.1%		
Caterpillar, Inc.	119,846	18,885,333
Marine – 0.0%		
A.P. Moller - Maersk A/S Series B	1,006	1,757,545
Professional Services – 0.0%		
Nielsen Holdings PLC	55,140	2,007,096
Road & Rail – 1.7%		
Avis Budget Group, Inc. (a)	1,124,864	49,359,032

	Shares	Value
CSX Corp.	2,547,297	\$ 140,126,808
eHi Car Service Co. Ltd. sponsored ADR (a)	40	463
Norfolk Southern Corp.	962,410	139,453,209
		<u>328,939,512</u>
Trading Companies & Distributors – 0.5%		
HD Supply Holdings, Inc. (a)	2,304,752	92,259,223
TOTAL INDUSTRIALS		<u>1,953,439,791</u>
INFORMATION TECHNOLOGY – 21.8%		
Communications Equipment – 0.0%		
CommScope Holding Co., Inc. (a)	275,600	10,425,948
Electronic Equipment & Components – 0.7%		
Dell Technologies, Inc. (a)	50,400	4,096,512
Jabil, Inc.	4,664,652	122,447,115
Samsung SDI Co. Ltd.	72,555	13,900,923
		<u>140,444,550</u>
Internet Software & Services – 7.2%		
58.com, Inc. ADR (a)	1,692,189	121,109,967
Alibaba Group Holding Ltd. sponsored ADR (a)	753,900	129,994,977
Alphabet, Inc.:		
Class A (a)	200	210,680
Class C (a)	554,136	579,847,907
Box, Inc. Class A (a)	2,440,067	51,534,215
Facebook, Inc. Class A (a)	1,715,376	302,695,249
GoDaddy, Inc. (a)	163,700	8,230,836
MINDBODY, Inc. (a)	2,306,283	70,226,317
MongoDB, Inc. Class B	149,933	4,005,010
NetEase, Inc. ADR	82,700	28,537,289
New Relic, Inc. (a)	634,364	36,647,208
Okta, Inc.	167,100	4,279,431
Shopify, Inc. (a)	112,400	11,352,400
Twilio, Inc. Class A (a)	1,390,900	32,825,240
Yext, Inc. (e)	4,142,290	49,831,749
		<u>1,431,328,475</u>
IT Services – 1.4%		
Cognizant Technology Solutions Corp. Class A	1,279,780	90,889,976
FleetCor Technologies, Inc. (a)	363,000	69,852,090
Leidos Holdings, Inc.	398,900	25,756,973
PayPal Holdings, Inc. (a)	1,083,800	79,789,356
Vantiv, Inc. (a)	63,500	4,670,425
		<u>270,958,820</u>
Semiconductors & Semiconductor Equipment – 3.0%		
Advanced Micro Devices, Inc. (a)	229,000	2,354,120
Analog Devices, Inc.	413,200	36,787,196
Broadcom Ltd.	251,800	64,687,420
Himax Technologies, Inc. sponsored ADR	521,515	5,434,186
Micron Technology, Inc. (a)	1,524,300	62,679,216
Nanya Technology Corp.	4,516,000	11,599,393
NVIDIA Corp.	538,602	104,219,487
ON Semiconductor Corp. (a)	3,708,436	77,654,650
Qorvo, Inc. (a)	1,747,761	116,400,883

See accompanying notes which are an integral part of the financial statements.

Common Stocks – continued

	Shares	Value
INFORMATION TECHNOLOGY – continued		
Semiconductors & Semiconductor Equipment – continued		
Qualcomm, Inc.	1,403,805 \$	89,871,596
Semtech Corp. (a)	1,139,984	38,987,453
		<u>610,675,600</u>
Software – 8.4%		
Activision Blizzard, Inc.	600,332	38,013,022
Adobe Systems, Inc. (a)	332,629	58,289,906
Autodesk, Inc. (a)	3,905,045	409,365,867
Citrix Systems, Inc. (a)	3,374,017	296,913,496
Electronic Arts, Inc. (a)	272,300	28,607,838
Fortinet, Inc. (a)	53,800	2,350,522
HubSpot, Inc. (a)	395,711	34,980,852
Microsoft Corp.	4,331,013	370,474,852
Oracle Corp.	886,500	41,913,720
Parametric Technology Corp. (a)	1,576,435	95,799,955
Red Hat, Inc. (a)	104,100	12,502,410
Salesforce.com, Inc. (a)	1,419,857	145,151,981
ServiceNow, Inc. (a)	111,200	14,499,368
Symantec Corp.	1,254,787	35,209,323
Totvs SA	1,528,400	13,772,234
Workday, Inc. Class A (a)	136,800	13,918,032
Zendesk, Inc. (a)	1,860,706	62,966,291
		<u>1,674,729,669</u>
Technology Hardware, Storage & Peripherals – 1.1%		
Apple, Inc.	1,279,162	216,472,585
		<u>4,355,035,647</u>
MATERIALS – 3.0%		
Chemicals – 2.6%		
CF Industries Holdings, Inc.	210,400	8,950,416
DowDuPont, Inc.	2,792,306	198,868,033
FMC Corp.	120,400	11,397,064
International Flavors & Fragrances, Inc.	70,900	10,820,049
LyondellBasell Industries NV Class A	1,090,000	120,248,800
Monsanto Co.	45,700	5,336,846
Olin Corp.	151,527	5,391,331
Platform Specialty Products Corp. (a)	2,146,800	21,296,256
Praxair, Inc.	256,400	39,659,952
Sherwin-Williams Co.	73,500	30,137,940
The Chemours Co. LLC	1,146,400	57,388,784
Tronox Ltd. Class A	45,700	937,307
Westlake Chemical Corp.	162,937	17,357,679
		<u>527,790,457</u>
Construction Materials – 0.2%		
Eagle Materials, Inc.	211,059	23,912,985
Summit Materials, Inc.	498,400	15,669,696
		<u>39,582,681</u>
Containers & Packaging – 0.1%		
Ball Corp.	317,742	12,026,535

	Shares	Value
Metals & Mining – 0.1%		
Freeport-McMoRan, Inc. (a)	1,207,400 \$	22,892,304
		<u>602,291,977</u>
REAL ESTATE – 2.8%		
Equity Real Estate Investment Trusts (REITs) – 2.7%		
Altisource Residential Corp. Class B	2,006,182	23,793,319
American Homes 4 Rent Class A	1,272,400	27,789,216
American Tower Corp.	799,305	114,036,844
Boston Properties, Inc.	370,400	48,163,112
Colony NorthStar, Inc.	2,044,781	23,330,951
Corporate Office Properties Trust (SBI)	579,900	16,933,080
Corrections Corp. of America	206,800	4,653,000
DDR Corp.	696,100	6,237,056
Equinix, Inc.	118,100	53,525,282
Equity Lifestyle Properties, Inc.	97,800	8,706,156
Extra Space Storage, Inc.	229,783	20,094,523
Gaming & Leisure Properties	123,600	4,573,200
General Growth Properties, Inc.	788,300	18,438,337
Healthcare Trust of America, Inc.	849,900	25,530,996
Omega Healthcare Investors, Inc. (e)	96,100	2,646,594
Outfront Media, Inc.	549,173	12,740,814
Pennsylvania Real Estate Investment Trust (SBI) (e)	555,700	6,607,273
Prologis, Inc.	844,700	54,491,597
Spirit Realty Capital, Inc.	1,694,300	14,537,094
Store Capital Corp.	1,117,100	29,089,284
Sun Communities, Inc.	160,469	14,888,314
VEREIT, Inc.	998,600	7,779,094
		<u>538,585,136</u>
Real Estate Management & Development – 0.1%		
CBRE Group, Inc. (a)	684,389	29,640,888
		<u>568,226,024</u>
TELECOMMUNICATION SERVICES – 1.9%		
Diversified Telecommunication Services – 1.7%		
AT&T, Inc.	4,615,368	179,445,508
Verizon Communications, Inc.	2,724,308	144,197,622
Zayo Group Holdings, Inc. (a)	509,200	18,738,560
		<u>342,381,690</u>
Wireless Telecommunication Services – 0.2%		
T-Mobile U.S., Inc. (a)	437,824	27,806,202
		<u>370,187,892</u>
UTILITIES – 2.9%		
Electric Utilities – 1.6%		
Exelon Corp.	2,258,892	89,022,934
FirstEnergy Corp.	754,490	23,102,484
Great Plains Energy, Inc.	381,699	12,305,976
NextEra Energy, Inc.	947,150	147,935,359
PG&E Corp.	1,010,234	45,288,790
		<u>317,655,543</u>

See accompanying notes which are an integral part of the financial statements.

Investments – continued

Common Stocks – continued

	Shares	Value
UTILITIES – continued		
Independent Power and Renewable Electricity		
Producers – 0.4%		
NRG Energy, Inc.	1,367,500	\$ 38,946,400
NRG Yield, Inc. Class C	481,627	9,102,750
The AES Corp.	2,498,200	27,055,506
		<u>75,104,656</u>
Multi-Utilities – 0.9%		
Dominion Resources, Inc.	924,235	74,918,489
Public Service Enterprise Group, Inc.	500,071	25,753,657
SCANA Corp.	110,000	4,375,800
Sempra Energy	814,750	87,113,070
		<u>192,161,016</u>
TOTAL UTILITIES		<u>584,921,215</u>
TOTAL COMMON STOCKS		<u>19,684,774,500</u>
(Cost \$14,656,488,684)		

U.S. Treasury Obligations – 0.0%

	Principal Amount	
U.S. Treasury Bills, yield at date of purchase 1.06% to 1.3% 1/11/18 to 3/15/18 (g) (Cost \$7,212,077)	\$ 7,220,000	<u>7,211,929</u>

Money Market Funds – 1.7%

	Shares	
Fidelity Cash Central Fund, 1.36% (h)	311,908,822	311,971,204
Fidelity Securities Lending Cash Central Fund 1.36% (h)(i)	30,909,614	<u>30,915,796</u>

TOTAL MONEY MARKET FUNDS
(Cost \$342,857,212) **342,887,000**

TOTAL INVESTMENT IN SECURITIES – 100.2%
(Cost \$15,006,557,973) **20,034,873,429**

NET OTHER ASSETS (LIABILITIES) – (0.2)% **(46,356,994)**

NET ASSETS – 100% **\$19,988,516,435**

Futures Contracts

	Number of contracts	Expiration Date	Notional Amount	Value	Unrealized Appreciation/ (Depreciation)
Purchased					
Equity Index Contracts					
CME E-mini S&P 500 Index Contracts (United States)	858	March 2018	\$114,800,400	\$1,594,818	<u>\$ 1,594,818</u>

The notional amount of futures purchased as a percentage of Net Assets is 0.6%

See accompanying notes which are an integral part of the financial statements.

Legend

- (a) Non-income producing
- (b) Investment is owned by a wholly-owned subsidiary (Subsidiary) that is treated as a corporation for U.S. tax purposes.
- (c) Restricted securities – Investment in securities not registered under the Securities Act of 1933 (excluding 144A issues). At the end of the period, the value of restricted securities (excluding 144A issues) amounted to \$15,672,900 or 0.1% of net assets.
- (d) Level 3 security
- (e) Security or a portion of the security is on loan at period end.
- (f) Affiliated company
- (g) Security or a portion of the security was pledged to cover margin requirements for futures contracts. At period end, the value of securities pledged amounted to \$4,074,657.
- (h) Affiliated fund that is generally available only to investment companies and other accounts managed by Fidelity Investments. The rate quoted is

the annualized seven-day yield of the fund at period end. A complete unaudited listing of the fund's holdings as of its most recent quarter end is available upon request. In addition, each Fidelity Central Fund's financial statements, which are not covered by the Fund's Report of Independent Registered Public Accounting Firm, are available on the SEC's website or upon request.

- (i) Investment made with cash collateral received from securities on loan.

Additional information on each restricted holding is as follows:

Security	Acquisition Date	Acquisition Cost
Centennial Resource Development, Inc. Class A	12/28/16	\$ 5,816,000
Extraction Oil & Gas, Inc.	12/12/16	\$ 9,887,522
Weinstein Co. Holdings LLC Class A-1	10/19/05	\$ 11,499,000

Affiliated Central Funds

Information regarding fiscal year to date income earned by the Fund from investments in Fidelity Central Funds is as follows:

Fund	Income earned
Fidelity Cash Central Fund	\$ 3,617,053
Fidelity Securities Lending Cash Central Fund	5,679,879
Total	<u>\$ 9,296,932</u>

Amounts in the income column in the above table include any capital gain distributions from underlying funds, which are presented in the corresponding line-item in the Statement of Operations if applicable.

Other Affiliated Issuers

An affiliated company is a company in which the Fund has ownership of at least 5% of the voting securities. Fiscal year to date transactions with companies which are or were affiliates are as follows:

Affiliate	Value, beginning of period	Purchases	Sales Proceeds	Dividend Income	Realized Gain (loss)	Change in Unrealized appreciation (depreciation)	Value, end of period
MDC Partners, Inc. Class A	\$21,263,743	\$ —	\$11,119,572	\$—	\$(11,962,663)	\$22,879,204	\$ —
Sunrun, Inc.	32,490,945	411,419	—	—	—	3,590,446	36,492,810
Total	<u>\$53,754,688</u>	<u>\$411,419</u>	<u>\$11,119,572</u>	<u>\$—</u>	<u>\$(11,962,663)</u>	<u>\$26,469,650</u>	<u>\$36,492,810</u>

Investment Valuation

The following is a summary of the inputs used, as of December 31, 2017, involving the Fund's assets and liabilities carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used below, please refer to the Investment Valuation section in the accompanying Notes to Financial Statements.

Valuation Inputs at Reporting Date:

Description	Total	Level 1	Level 2	Level 3
Investments in Securities:				
Equities:				
Consumer Discretionary	\$ 2,747,950,553	\$ 2,747,950,553	\$ —	\$ —
Consumer Staples	1,628,261,729	1,581,739,193	46,522,536	—
Energy	1,196,470,536	1,196,470,536	—	—
Financials	2,970,718,162	2,934,328,175	36,389,987	—
Health Care	2,707,270,974	2,669,460,246	37,810,728	—
Industrials	1,953,439,791	1,953,439,791	—	—
Information Technology	4,355,035,647	4,351,030,637	4,005,010	—
Materials	602,291,977	602,291,977	—	—
Real Estate	568,226,024	568,226,024	—	—

See accompanying notes which are an integral part of the financial statements.

Investments – continued

Description	Valuation Inputs at Reporting Date:			
	Total	Level 1	Level 2	Level 3
Telecommunication Services	\$ 370,187,892	\$ 370,187,892	\$ —	\$ —
Utilities	584,921,215	584,921,215	—	—
U.S. Government and Government Agency Obligations	7,211,929	—	7,211,929	—
Money Market Funds	342,887,000	342,887,000	—	—
Total Investments in Securities:	<u>\$20,034,873,429</u>	<u>\$19,902,933,239</u>	<u>\$131,940,190</u>	<u>\$ —</u>
Derivative Instruments:				
Assets				
Futures Contracts	\$ 1,594,818	\$ 1,594,818	\$ —	\$ —
Total Assets	<u>\$ 1,594,818</u>	<u>\$ 1,594,818</u>	<u>\$ —</u>	<u>\$ —</u>
Total Derivative Instruments:	<u>\$ 1,594,818</u>	<u>\$ 1,594,818</u>	<u>\$ —</u>	<u>\$ —</u>

Value of Derivative Instruments

The following table is a summary of the Fund's value of derivative instruments by primary risk exposure as of December 31, 2017. For additional information on derivative instruments, please refer to the Derivative Instruments section in the accompanying Notes to Financial Statements.

Primary Risk Exposure / Derivative Type	Value	
	Asset	Liability
Equity Risk		
Futures Contracts (a)	\$1,594,818	\$0
Total Equity Risk	<u>1,594,818</u>	<u>0</u>
Total Value of Derivatives	<u>\$1,594,818</u>	<u>\$0</u>

(a) Reflects gross cumulative appreciation (depreciation) on futures contracts as presented in the Schedule of Investments. In the Statement of Assets and Liabilities, the period end daily variation margin is included in receivable or payable for daily variation margin on futures contracts, and the net cumulative appreciation (depreciation) is included in net unrealized appreciation (depreciation).

See accompanying notes which are an integral part of the financial statements.

Financial Statements

Statement of Assets and Liabilities

December 31, 2017

Assets

Investment in securities, at value (including securities loaned of \$29,307,626) — See accompanying schedule:		
Unaffiliated issuers (cost \$14,623,960,650)	\$ 19,655,493,619	
Fidelity Central Funds (cost \$342,857,212)	342,887,000	
Other affiliated issuers (cost \$39,740,111)	36,492,810	
Total Investment in Securities (cost \$15,006,557,973)		\$ 20,034,873,429
Cash		792,110
Foreign currency held at value (cost \$9,756,587)		9,756,587
Receivable for investments sold		4,630,539
Receivable for fund shares sold		1,868,369
Dividends receivable		19,340,907
Distributions receivable from Fidelity Central Funds		683,111
Prepaid expenses		32,946
Other receivables		1,369,021
Total assets		<u>20,073,347,019</u>

Liabilities

Payable for investments purchased	\$ 29,576,393	
Payable for fund shares redeemed	10,366,992	
Accrued management fee	9,021,816	
Distribution and service plan fees payable	2,053,869	
Payable for daily variation margin on futures contracts	416,130	
Other affiliated payables	1,347,129	
Other payables and accrued expenses	1,137,701	
Collateral on securities loaned	30,910,554	
Total liabilities		<u>84,830,584</u>

Net Assets

\$ 19,988,516,435

Net Assets consist of:

Paid in capital	\$ 13,288,820,360
Undistributed net investment income	29,159,381
Accumulated undistributed net realized gain (loss) on investments and foreign currency transactions	1,640,649,727
Net unrealized appreciation (depreciation) on investments and assets and liabilities in foreign currencies	5,029,886,967
Net Assets	<u>\$ 19,988,516,435</u>

Initial Class:

Net Asset Value, offering price and redemption price per share ($\$7,609,925,175 \div 200,552,436$ shares) \$ 37.94

Service Class:

Net Asset Value, offering price and redemption price per share ($\$1,569,797,720 \div 41,560,747$ shares) \$ 37.77

Service Class 2:

Net Asset Value, offering price and redemption price per share ($\$9,255,124,005 \div 249,793,203$ shares) \$ 37.05

Investor Class:

Net Asset Value, offering price and redemption price per share ($\$1,553,669,535 \div 41,172,158$ shares) \$ 37.74

See accompanying notes which are an integral part of the financial statements.

Financial Statements – continued

Statement of Operations		Year ended December 31, 2017
Investment Income		
Dividends		\$ 295,636,892
Interest		48,380
Income from Fidelity Central Funds		<u>9,296,932</u>
Total income		<u>304,982,204</u>
Expenses		
Management fee	\$ 104,190,200	
Transfer agent fees	13,807,888	
Distribution and service plan fees	23,511,100	
Accounting and security lending fees	1,687,786	
Custodian fees and expenses	278,898	
Independent trustees' fees and expenses	75,405	
Appreciation in deferred trustee compensation account	89	
Audit	77,424	
Legal	57,273	
Miscellaneous	<u>154,592</u>	
Total expenses before reductions	143,840,655	
Expense reductions	<u>(1,231,206)</u>	
		<u>142,609,449</u>
Net investment income (loss)		<u>162,372,755</u>
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) on:		
Investment securities:		
Unaffiliated issuers	2,018,681,086	
Fidelity Central Funds	11,234	
Other affiliated issuers	(11,962,663)	
Foreign currency transactions	(96,363)	
Futures contracts	<u>15,219,792</u>	
Total net realized gain (loss)		2,021,853,086
Change in net unrealized appreciation (depreciation) on:		
Investment securities:		
Unaffiliated issuers	1,521,585,137	
Fidelity Central Funds	(12,507)	
Other affiliated issuers	26,469,650	
Assets and liabilities in foreign currencies	99,344	
Futures contracts	<u>2,336,491</u>	
Total change in net unrealized appreciation (depreciation)		<u>1,550,478,115</u>
Net gain (loss)		<u>3,572,331,201</u>
Net increase (decrease) in net assets resulting from operations		<u><u>\$ 3,734,703,956</u></u>

See accompanying notes which are an integral part of the financial statements.

Statement of Changes in Net Assets

	Year ended December 31, 2017	Year ended December 31, 2016
Increase (Decrease) in Net Assets		
Operations		
Net investment income (loss)	\$ 162,372,755	\$ 161,252,799
Net realized gain (loss)	2,021,853,086	751,550,819
Change in net unrealized appreciation (depreciation)	1,550,478,115	414,451,844
Net increase (decrease) in net assets resulting from operations	<u>3,734,703,956</u>	<u>1,327,255,462</u>
Distributions to shareholders from net investment income	(167,795,221)	(123,732,924)
Distributions to shareholders from net realized gain	(1,017,638,614)	(1,451,984,960)
Total distributions	<u>(1,185,433,835)</u>	<u>(1,575,717,884)</u>
Share transactions – net increase (decrease)	(417,890,496)	(517,277,577)
Total increase (decrease) in net assets	<u>2,131,379,625</u>	<u>(765,739,999)</u>
Net Assets		
Beginning of period	17,857,136,810	18,622,876,809
End of period	<u>\$ 19,988,516,435</u>	<u>\$ 17,857,136,810</u>
Other Information		
Undistributed net investment income end of period	<u>\$ 29,159,381</u>	<u>\$ 34,198,739</u>

See accompanying notes which are an integral part of the financial statements.

Financial Highlights

VIP Contrafund Portfolio Initial Class

Years ended December 31, Selected Per-Share Data	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 33.18	\$ 33.91	\$ 37.36	\$ 34.35	\$ 26.44
Income from Investment Operations					
Net investment income (loss) ^A	.35	.33	.35	.36	.32
Net realized and unrealized gain (loss)	6.69	1.85	(.14)	3.76	7.94
Total from investment operations	7.04	2.18	.21	4.12	8.26
Distributions from net investment income	(.36)	(.26)	(.37)	(.36)	(.34)
Distributions from net realized gain	(1.91)	(2.65)	(3.30)	(.75)	(.01)
Total distributions	(2.28) ^B	(2.91)	(3.66) ^C	(1.11)	(.35)
Redemption fees added to paid in capital ^A	—	—	—	— ^D	— ^D
Net asset value, end of period	\$ 37.94	\$ 33.18	\$ 33.91	\$ 37.36	\$ 34.35
Total Return ^{E,F}	21.88%	8.04%	.64%	11.94%	31.29%
Ratios to Average Net Assets ^{G,H}					
Expenses before reductions	.62%	.63%	.63%	.63%	.64%
Expenses net of fee waivers, if any	.62%	.63%	.63%	.63%	.63%
Expenses net of all reductions	.62%	.62%	.62%	.63%	.62%
Net investment income (loss)	.98%	1.04%	1.01%	1.01%	1.05%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 7,609,925	\$ 6,962,430	\$ 7,436,130	\$ 8,005,930	\$ 7,654,305
Portfolio turnover rate ^I	70%	62%	80%	74%	86%

^A Calculated based on average shares outstanding during the period.

^B Total distributions of \$2.28 per share is comprised of distributions from net investment income of \$.364 and distributions from net realized gain of \$1.911 per share.

^C Total distributions of \$3.66 per share is comprised of distributions from net investment income of \$.369 and distributions from net realized gain of \$3.295 per share.

^D Amount represents less than \$.005 per share.

^E Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^F Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^G Fees and expenses of any underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds.

^H Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

^I Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

See accompanying notes which are an integral part of the financial statements.

VIP Contrafund Portfolio Service Class

Years ended December 31, Selected Per-Share Data	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 33.04	\$ 33.79	\$ 37.23	\$ 34.24	\$ 26.36
Income from Investment Operations					
Net investment income (loss) ^A	.31	.29	.32	.33	.29
Net realized and unrealized gain (loss)	6.66	1.84	(.13)	3.73	7.91
Total from investment operations	6.97	2.13	.19	4.06	8.20
Distributions from net investment income	(.33)	(.23)	(.33)	(.32)	(.31)
Distributions from net realized gain	(1.91)	(2.65)	(3.30)	(.75)	(.01)
Total distributions	(2.24)	(2.88)	(3.63)	(1.07)	(.32)
Redemption fees added to paid in capital ^A	—	—	—	— ^B	— ^B
Net asset value, end of period	\$ 37.77	\$ 33.04	\$ 33.79	\$ 37.23	\$ 34.24
Total Return ^{C,D}	21.76%	7.91%	.56%	11.82%	31.14%
Ratios to Average Net Assets ^{E,F}					
Expenses before reductions	.72%	.73%	.73%	.73%	.74%
Expenses net of fee waivers, if any	.72%	.73%	.73%	.73%	.73%
Expenses net of all reductions	.72%	.72%	.72%	.73%	.72%
Net investment income (loss)	.88%	.94%	.91%	.91%	.95%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 1,569,798	\$ 1,428,793	\$ 1,546,864	\$ 1,714,615	\$ 1,688,448
Portfolio turnover rate ^G	70%	62%	80%	74%	86%

^A Calculated based on average shares outstanding during the period.

^B Amount represents less than \$.005 per share.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Fees and expenses of any underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds.

^F Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

See accompanying notes which are an integral part of the financial statements.

Financial Highlights – continued

VIP Contrafund Portfolio Service Class 2

Years ended December 31, Selected Per-Share Data	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 32.45	\$ 33.25	\$ 36.70	\$ 33.77	\$ 26.00
Income from Investment Operations					
Net investment income (loss) ^A	.25	.24	.26	.27	.24
Net realized and unrealized gain (loss)	6.54	1.80	(.14)	3.68	7.80
Total from investment operations	6.79	2.04	.12	3.95	8.04
Distributions from net investment income	(.28)	(.20)	(.28)	(.27)	(.26)
Distributions from net realized gain	(1.91)	(2.65)	(3.30)	(.75)	(.01)
Total distributions	(2.19)	(2.84) ^B	(3.57) ^C	(1.02) ^D	(.27) ^D
Redemption fees added to paid in capital ^A	–	–	–	–	–
Net asset value, end of period	\$ 37.05	\$ 32.45	\$ 33.25	\$ 36.70	\$ 33.77
Total Return ^{E,F}	21.59%	7.76%	.39%	11.65%	30.95%
Ratios to Average Net Assets ^{G,H}					
Expenses before reductions	.87%	.88%	.88%	.88%	.89%
Expenses net of fee waivers, if any	.87%	.88%	.88%	.88%	.88%
Expenses net of all reductions	.87%	.87%	.87%	.88%	.87%
Net investment income (loss)	.73%	.79%	.76%	.76%	.80%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 9,255,124	\$ 8,138,206	\$ 8,363,076	\$ 8,764,266	\$ 8,472,780
Portfolio turnover rate ^I	70%	62%	80%	74%	86%

^A Calculated based on average shares outstanding during the period.

^B Total distributions of \$2.84 per share is comprised of distributions from net investment income of \$.196 and distributions from net realized gain of \$2.648 per share.

^C Total distributions of \$3.57 per share is comprised of distributions from net investment income of \$.279 and distributions from net realized gain of \$3.295 per share.

^D Amount represents less than \$.005 per share.

^E Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^F Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^G Fees and expenses of any underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds.

^H Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

^I Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

See accompanying notes which are an integral part of the financial statements.

VIP Contrafund Portfolio Investor Class

Years ended December 31, Selected Per-Share Data	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 33.01	\$ 33.76	\$ 37.21	\$ 34.22	\$ 26.35
Income from Investment Operations					
Net investment income (loss) ^A	.32	.30	.32	.33	.29
Net realized and unrealized gain (loss)	6.66	1.84	(.13)	3.74	7.91
Total from investment operations	6.98	2.14	.19	4.07	8.20
Distributions from net investment income	(.34)	(.24)	(.34)	(.33)	(.32)
Distributions from net realized gain	(1.91)	(2.65)	(3.30)	(.75)	(.01)
Total distributions	(2.25)	(2.89)	(3.64)	(1.08)	(.33)
Redemption fees added to paid in capital ^A	—	—	—	— ^B	— ^B
Net asset value, end of period	\$ 37.74	\$ 33.01	\$ 33.76	\$ 37.21	\$ 34.22
Total Return ^{C,D}	21.81%	7.95%	.56%	11.85%	31.15%
Ratios to Average Net Assets ^{E,F}					
Expenses before reductions	.70%	.71%	.71%	.71%	.72%
Expenses net of fee waivers, if any	.70%	.71%	.71%	.71%	.71%
Expenses net of all reductions	.70%	.70%	.70%	.71%	.71%
Net investment income (loss)	.90%	.95%	.93%	.93%	.97%
Supplemental Data					
Net assets, end of period (000 omitted)	\$ 1,553,670	\$ 1,327,708	\$ 1,276,807	\$ 1,210,592	\$ 1,031,358
Portfolio turnover rate ^G	70%	62%	80%	74%	86%

^A Calculated based on average shares outstanding during the period.

^B Amount represents less than \$.005 per share.

^C Total returns do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

^D Total returns would have been lower if certain expenses had not been reduced during the applicable periods shown.

^E Fees and expenses of any underlying Fidelity Central Funds are not included in the Fund's expense ratio. The Fund indirectly bears its proportionate share of the expenses of any underlying Fidelity Central Funds.

^F Expense ratios reflect operating expenses of the class. Expenses before reductions do not reflect amounts reimbursed by the investment adviser or reductions from brokerage service arrangements or reductions from other expense offset arrangements and do not represent the amount paid by the class during periods when reimbursements or reductions occur. Expenses net of fee waivers reflect expenses after reimbursement by the investment adviser but prior to reductions from brokerage service arrangements or other expense offset arrangements. Expenses net of all reductions represent the net expenses paid by the class.

^G Amount does not include the portfolio activity of any underlying Fidelity Central Funds.

See accompanying notes which are an integral part of the financial statements.

Notes to Financial Statements

For the period ended December 31, 2017

1. Organization.

VIP Contrafund Portfolio (the Fund) is a fund of Variable Insurance Products Fund II (the Trust) and is authorized to issue an unlimited number of shares. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust. Shares of the Fund may only be purchased by insurance companies for the purpose of funding variable annuity or variable life insurance contracts. The Fund offers the following classes of shares: Initial Class shares, Service Class shares, Service Class 2 shares and Investor Class shares. All classes have equal rights and voting privileges, except for matters affecting a single class.

2. Investments in Fidelity Central Funds.

The Fund invests in Fidelity Central Funds, which are open-end investment companies generally available only to other investment companies and accounts managed by the investment adviser and its affiliates. The Fund's Schedule of Investments lists each of the Fidelity Central Funds held as of period end, if any, as an investment of the Fund, but does not include the underlying holdings of each Fidelity Central Fund. As an Investing Fund, the Fund indirectly bears its proportionate share of the expenses of the underlying Fidelity Central Funds.

The Money Market Central Funds seek preservation of capital and current income and are managed by Fidelity Investments Money Management, Inc. (FIMM), an affiliate of the investment adviser. Annualized expenses of the Money Market Central Funds as of their most recent shareholder report date are less than .005%.

A complete unaudited list of holdings for each Fidelity Central Fund is available upon request or at the Securities and Exchange Commission (the SEC) website at www.sec.gov. In addition, the financial statements of the Fidelity Central Funds, which are not covered by the Fund's Report of Independent Registered Public Accounting Firm, are available on the SEC website or upon request.

3. Significant Accounting Policies.

The Fund is an investment company and applies the accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investments Companies. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Subsequent events, if any, through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

Investment Valuation. Investments are valued as of 4:00 p.m. Eastern time on the last calendar day of the period. The Board of Trustees (the Board) has delegated the day to day responsibility for the valuation of the Fund's investments to the Fair Value Committee (the Committee) established by the Fund's investment adviser. In accordance with valuation policies and procedures approved by the Board, the Fund attempts to obtain prices from one or more third party pricing vendors or brokers to value its investments. When current market prices, quotations or currency exchange rates are not readily available or reliable, investments will be fair valued in good faith by the Committee, in accordance with procedures adopted by the Board. Factors used in determining fair value vary by investment type and may include market or investment specific events, changes in interest rates and credit quality. The frequency with which these procedures are used cannot be predicted and they may be utilized to a significant extent. The Committee oversees the Fund's valuation policies and procedures and reports to the Board on the Committee's activities and fair value determinations. The Board monitors the appropriateness of the procedures used in valuing the Fund's investments and ratifies the fair value determinations of the Committee.

The Fund categorizes the inputs to valuation techniques used to value its investments into a disclosure hierarchy consisting of three levels as shown below:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, etc.)

Level 3 – unobservable inputs (including the Fund's own assumptions based on the best information available)

Valuation techniques used to value the Fund's investments by major category are as follows:

Equity securities, including restricted securities, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by a third party pricing vendor on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are generally categorized as Level 2 in the hierarchy. For foreign equity securities, when market or security specific events arise, comparisons to the valuation of American Depositary Receipts (ADRs), futures contracts, Exchange-Traded Funds (ETFs) and certain indexes as well as quoted prices for similar securities may be used and would be categorized as Level 2 in the hierarchy. Utilizing these techniques may result in transfers between Level 1 and Level 2. For equity securities, including restricted

securities, where observable inputs are limited, assumptions about market activity and risk are used and these securities may be categorized as Level 3 in the hierarchy.

Debt securities, including restricted securities, are valued based on evaluated prices received from third party pricing vendors or from brokers who make markets in such securities. U.S. government and government agency obligations are valued by pricing vendors who utilize matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity and type or by broker-supplied prices. When independent prices are unavailable or unreliable, debt securities may be valued utilizing pricing methodologies which consider similar factors that would be used by third party pricing vendors. Debt securities are generally categorized as Level 2 in the hierarchy but may be Level 3 depending on the circumstances.

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded and are categorized as Level 1 in the hierarchy. Investments in open-end mutual funds, including the Fidelity Central Funds, are valued at their closing net asset value (NAV) each business day and are categorized as Level 1 in the hierarchy.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The aggregate value of investments by input level as of December 31, 2017 is included at the end of the Fund's Schedule of Investments.

Foreign Currency. The Fund may use foreign currency contracts to facilitate transactions in foreign-denominated securities. Gains and losses from these transactions may arise from changes in the value of the foreign currency or if the counterparties do not perform under the contracts' terms.

Foreign-denominated assets, including investment securities, and liabilities are translated into U.S. dollars at the exchange rates at period end. Purchases and sales of investment securities, income and dividends received and expenses denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date.

The effects of exchange rate fluctuations on investments are included with the net realized and unrealized gain (loss) on investment securities. Other foreign currency transactions resulting in realized and unrealized gain (loss) are disclosed separately.

Investment Transactions and Income. For financial reporting purposes, the Fund's investment holdings and NAV include trades executed through the end of the last business day of the period. The NAV per share for processing shareholder transactions is calculated as of the close of business of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern time and includes trades executed through the end of the prior business day. Gains and losses on securities sold are determined on the basis of identified cost and includes proceeds received from litigation. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Income and capital gain distributions from Fidelity Central Funds, if any, are recorded on the ex-dividend date. Certain distributions received by the Fund represent a return of capital or capital gain. The Fund determines the components of these distributions subsequent to the ex-dividend date, based upon receipt of tax filings or other correspondence relating to the underlying investment. These distributions are recorded as a reduction of cost of investments and/or as a realized gain. Interest income is accrued as earned and includes coupon interest and amortization of premium and accretion of discount on debt securities as applicable. Investment income is recorded net of foreign taxes withheld where recovery of such taxes is uncertain.

Class Allocations and Expenses. Investment income, realized and unrealized capital gains and losses, common expenses of the Fund, and certain fund-level expense reductions, if any, are allocated daily on a pro-rata basis to each class based on the relative net assets of each class to the total net assets of the Fund. Each class differs with respect to transfer agent and distribution and service plan fees incurred. Certain expense reductions may also differ by class. For the reporting period, the allocated portion of income and expenses to each class as a percent of its average net assets may vary due to the timing of recording these transactions in relation to fluctuating net assets of the classes. Expenses directly attributable to a fund are charged to that fund. Expenses attributable to more than one fund are allocated among the respective funds on the basis of relative net assets or other appropriate methods. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known.

Deferred Trustee Compensation. Under a Deferred Compensation Plan (the Plan), independent Trustees may elect to defer receipt of a portion of their annual compensation. Deferred amounts are invested in a cross-section of Fidelity funds, are marked-to-market and remain in the Fund until distributed in accordance with the Plan. The investment of deferred amounts and the offsetting payable to the Trustees are included in the accompanying Statement of Assets and Liabilities.

Income Tax Information and Distributions to Shareholders. Each year, the Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code, including distributing substantially all of its taxable income and realized gains. As a result, no provision for U.S. Federal income taxes is required. As of December 31, 2017, the Fund did not have any unrecognized tax benefits in the financial statements; nor is the Fund aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. The Fund files a U.S. federal tax return, in addition to state and local tax returns as required. The Fund's federal income tax returns are subject to examination by the Internal Revenue Service (IRS) for a period of three fiscal years after they

Notes to Financial Statements – continued

are filed. State and local tax returns may be subject to examination for an additional fiscal year depending on the jurisdiction. Foreign taxes are provided for based on the Fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests.

Distributions are declared and recorded on the ex-dividend date. Income dividends and capital gain distributions are declared separately for each class. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

Capital accounts within the financial statements are adjusted for permanent book-tax differences. These adjustments have no impact on net assets or the results of operations. Capital accounts are not adjusted for temporary book-tax differences which will reverse in a subsequent period.

Book-tax differences are primarily due to futures contracts, foreign currency transactions, passive foreign investment companies (PFIC), market discount, partnerships, deferred trustees compensation and losses deferred due to wash sales.

As of period end, the cost and unrealized appreciation (depreciation) in securities, and derivatives if applicable, for federal income tax purposes were as follows:

Gross unrealized appreciation	\$ 5,360,078,312
Gross unrealized depreciation	(409,214,429)
Net unrealized appreciation (depreciation)	<u>\$ 4,950,863,883</u>
Tax Cost	<u>\$15,084,009,546</u>

The tax-based components of distributable earnings as of period end were as follows:

Undistributed ordinary income	\$ 91,935,225
Undistributed long-term capital gain	<u>\$1,657,988,027</u>
Net unrealized appreciation (depreciation) on securities and other investments	<u>\$4,950,840,575</u>

The tax character of distributions paid was as follows:

	December 31, 2017	December 31, 2016
Ordinary Income	\$ 505,184,577	\$ 123,732,925
Long-term Capital Gains	680,249,258	1,451,984,959
Total	<u>\$1,185,433,835</u>	<u>\$1,575,717,884</u>

Restricted Securities. The Fund may invest in securities that are subject to legal or contractual restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time-consuming negotiations and expense, and prompt sale at an acceptable price may be difficult. Information regarding restricted securities is included at the end of the Fund's Schedule of Investments.

Consolidated Subsidiary. The Fund invests in certain investments through a wholly-owned subsidiary ("Subsidiary"), which may be subject to federal and state taxes upon disposition.

As of period end, the Fund held an investment of \$0 in this Subsidiary representing .00% of the Fund's net assets. The financial statements have been consolidated and include accounts of the Fund and the Subsidiary. Accordingly, all inter-company transactions and balances have been eliminated.

4. Derivative Instruments.

Risk Exposures and the Use of Derivative Instruments. The Fund's investment objective allows the Fund to enter into various types of derivative contracts, including futures contracts. Derivatives are investments whose value is primarily derived from underlying assets, indices or reference rates and may be transacted on an exchange or over-the-counter (OTC). Derivatives may involve a future commitment to buy or sell a specified asset based on specified terms, to exchange future cash flows at periodic intervals based on a notional principal amount, or for one party to make one or more payments upon the occurrence of specified events in exchange for periodic payments from the other party.

The Fund used derivatives to increase returns and to manage exposure to certain risks as defined below. The success of any strategy involving derivatives depends on analysis of numerous economic factors, and if the strategies for investment do not work as intended, the Fund may not achieve its objectives.

The Fund's use of derivatives increased or decreased its exposure to the following risk:

Equity Risk Equity risk relates to the fluctuations in the value of financial instruments as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment.

The Fund is also exposed to additional risks from investing in derivatives, such as liquidity risk and counterparty credit risk. Liquidity risk is the risk that the Fund will be unable to close out the derivative in the open market in a timely manner. Counterparty credit risk is the risk that the counterparty will not be able to fulfill its obligation to the Fund. Counterparty credit risk related to exchange-traded futures contracts may be mitigated by the protection provided by the exchange on which they trade.

Investing in derivatives may involve greater risks than investing in the underlying assets directly and, to varying degrees, may involve risk of loss in excess of any initial investment and collateral received and amounts recognized in the Statement of Assets and Liabilities. In addition, there may be the risk that the change in value of the derivative contract does not correspond to the change in value of the underlying instrument.

Futures Contracts. A futures contract is an agreement between two parties to buy or sell a specified underlying instrument for a fixed price at a specified future date. The Fund used futures contracts to manage its exposure to the stock market.

Upon entering into a futures contract, a fund is required to deposit either cash or securities (initial margin) with a clearing broker in an amount equal to a certain percentage of the face value of the contract. Futures contracts are marked-to-market daily and subsequent daily payments (variation margin) are made or received by a fund depending on the daily fluctuations in the value of the futures contracts and are recorded as unrealized appreciation or (depreciation). This receivable and/or payable, if any, is included in daily variation margin on futures contracts in the Statement of Assets and Liabilities. Realized gain or (loss) is recorded upon the expiration or closing of a futures contract. The net realized gain (loss) and change in net unrealized appreciation (depreciation) on futures contracts during the period is presented in the Statement of Operations.

Any open futures contracts at period end are presented in the Schedule of Investments under the caption "Futures Contracts". The notional amount at value reflects each contract's exposure to the underlying instrument or index at period end and is representative of volume of activity during the period. Securities deposited to meet initial margin requirements are identified in the Schedule of Investments.

5. Purchases and Sales of Investments.

Purchases and sales of securities, other than short-term securities, aggregated \$13,134,044,800 and \$14,411,349,120, respectively.

6. Fees and Other Transactions with Affiliates.

Management Fee. Fidelity Management & Research Company (the investment adviser) and its affiliates provide the Fund with investment management related services for which the Fund pays a monthly management fee. The management fee is the sum of an individual fund fee rate that is based on an annual rate of .30% of the Fund's average net assets and an annualized group fee rate that averaged .24% during the period. The group fee rate is based upon the average net assets of all the mutual funds advised by the investment adviser, including any mutual funds previously advised by the investment adviser that are currently advised by Fidelity SelectCo, LLC, an affiliate of the investment adviser. The group fee rate decreases as assets under management increase and increases as assets under management decrease. For the reporting period, the total annual management fee rate was .54% of the Fund's average net assets.

Distribution and Service Plan Fees. In accordance with Rule 12b-1 of the 1940 Act, the Fund has adopted separate 12b-1 Plans for each Service Class of shares. Each Service Class pays Fidelity Distributors Corporation (FDC), an affiliate of the investment adviser, a service fee. For the period, the service fee is based on an annual rate of .10% of Service Class' average net assets and .25% of Service Class 2's average net assets.

For the period, total fees, all of which were re-allowed to insurance companies for the distribution of shares and providing shareholder support services, were as follows:

Service Class	\$ 1,507,930
Service Class 2	22,003,170
	<u>\$23,511,100</u>

Transfer Agent Fees. Fidelity Investments Institutional Operations Company, Inc. (FIIOC), an affiliate of the investment adviser, is the Fund's transfer, dividend disbursing, and shareholder servicing agent. FIIOC receives an asset-based fee with respect to each class. Each class pays a fee for transfer agent services, typesetting and printing and mailing of shareholder reports, excluding mailing of proxy statements, equal to an annual rate of of class-level average net assets. The annual rate for Investor Class is .15% and the annual rate for all other classes is .07%. For the period, transfer agent fees for each class were as follows:

Notes to Financial Statements – continued

Initial Class	\$ 4,857,011
Service Class	994,046
Service Class 2	5,801,813
Investor Class	2,155,018
	<u>\$13,807,888</u>

Accounting and Security Lending Fees. Fidelity Service Company, Inc. (FSC), an affiliate of the investment adviser, maintains the Fund's accounting records. The accounting fee is based on the level of average net assets for each month. Under a separate contract, FSC administers the security lending program. The security lending fee is based on the number and duration of lending transactions.

Brokerage Commissions. The Fund placed a portion of its portfolio transactions with brokerage firms which are affiliates of the investment adviser. Brokerage commissions are included in net realized gain (loss) and change in net unrealized appreciation (depreciation) in the Statement of Operations. The commissions paid to these affiliated firms were \$396,010 for the period.

Interfund Trades. The Fund may purchase from or sell securities to other Fidelity Funds under procedures adopted by the Board. The procedures have been designed to ensure these interfund trades are executed in accordance with Rule 17a-7 of the 1940 Act. Interfund trades are included within the respective purchases and sales amounts shown in the Purchases and Sales of Investments note.

Other. During the period, the investment adviser reimbursed the Fund for certain losses in the amount of \$31,494.

7. Committed Line of Credit.

The Fund participates with other funds managed by the investment adviser or an affiliate in a \$4.25 billion credit facility (the "line of credit") to be utilized for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity purposes. The Fund has agreed to pay commitment fees on its pro-rata portion of the line of credit, which amounted to \$59,557 and is reflected in Miscellaneous expenses on the Statement of Operations. During the period, the Fund did not borrow on this line of credit.

8. Security Lending.

The Fund lends portfolio securities through a lending agent from time to time in order to earn additional income. For equity securities, a lending agent is used and may loan securities to certain qualified borrowers, including Fidelity Capital Markets (FCM), a broker-dealer affiliated with the Fund. On the settlement date of the loan, the Fund receives collateral (in the form of U.S. Treasury obligations, letters of credit and/or cash) against the loaned securities and maintains collateral in an amount not less than 100% of the market value of the loaned securities during the period of the loan. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. The Fund or borrower may terminate the loan at any time, and if the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund may apply collateral received from the borrower against the obligation. The Fund may experience delays and costs in recovering the securities loaned. Any cash collateral received is invested in the Fidelity Securities Lending Cash Central Fund. The value of loaned securities and cash collateral at period end are disclosed on the Fund's Statement of Assets and Liabilities. At period end, there were no security loans outstanding with FCM. Security lending income represents the income earned on investing cash collateral, less rebates paid to borrowers and any lending agent fees associated with the loan, plus any premium payments received for lending certain types of securities. Security lending income is presented in the Statement of Operations as a component of income from Fidelity Central Funds. Total security lending income during the period amounted to \$5,679,879, including \$448,176 from securities loaned to FCM.

9. Expense Reductions.

Commissions paid to certain brokers with whom the investment adviser, or its affiliates, places trades on behalf of the Fund include an amount in addition to trade execution, which may be rebated back to the Fund to offset certain expenses. This amount totaled \$1,066,249 for the period. In addition, through arrangements with the Fund's custodian, credits realized as a result of certain uninvested cash balances were used to reduce the Fund's expenses. During the period, these credits reduced the Fund's custody expenses by \$2,879.

In addition, during the period the investment adviser reimbursed and/or waived a portion of fund-level operating expenses in the amount of \$162,078.

10. Distributions to Shareholders.

Distributions to shareholders of each class were as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
From net investment income		
Initial Class	\$ 72,522,215	\$ 54,940,478
Service Class	13,446,755	10,073,381
Service Class 2	68,183,160	48,997,544
Investor Class	13,643,091	9,721,521
Total	<u>\$ 167,795,221</u>	<u>\$ 123,732,924</u>
From net realized gain		
Initial Class	\$ 387,865,841	\$ 575,054,471
Service Class	79,829,047	119,636,942
Service Class 2	472,898,767	657,251,824
Investor Class	77,044,959	100,041,723
Total	<u>\$1,017,638,614</u>	<u>\$1,451,984,960</u>

11. Share Transactions.

Transactions for each class of shares were as follows:

	Shares Year ended December 31, 2017	Shares Year ended December 31, 2016	Dollars Year ended December 31, 2017	Dollars Year ended December 31, 2016
Initial Class				
Shares sold	4,614,129	4,917,198	\$ 164,590,229	\$ 154,447,968
Reinvestment of distributions	13,138,586	22,388,704	460,388,056	629,994,949
Shares redeemed	<u>(27,023,436)</u>	<u>(36,744,966)</u>	<u>(965,808,041)</u>	<u>(1,144,427,127)</u>
Net increase (decrease)	<u>(9,270,721)</u>	<u>(9,439,064)</u>	<u>\$ (340,829,756)</u>	<u>\$ (359,984,210)</u>
Service Class				
Shares sold	1,491,143	1,377,610	\$ 53,076,113	\$ 43,113,058
Reinvestment of distributions	2,676,168	4,635,999	93,275,802	129,710,323
Shares redeemed	<u>(5,849,185)</u>	<u>(8,552,024)</u>	<u>(207,172,250)</u>	<u>(269,744,462)</u>
Net increase (decrease)	<u>(1,681,874)</u>	<u>(2,538,415)</u>	<u>\$ (60,820,335)</u>	<u>\$ (96,921,081)</u>
Service Class 2				
Shares sold	15,028,601	22,094,254	\$ 522,007,548	\$ 675,363,352
Reinvestment of distributions	15,821,660	25,726,957	541,081,927	706,249,368
Shares redeemed	<u>(31,821,656)</u>	<u>(48,541,399)</u>	<u>(1,110,004,186)</u>	<u>(1,504,027,418)</u>
Net increase (decrease)	<u>(971,395)</u>	<u>(720,188)</u>	<u>\$ (46,914,711)</u>	<u>\$ (122,414,698)</u>
Investor Class				
Shares sold	1,548,363	1,712,207	\$ 54,849,925	\$ 53,815,278
Reinvestment of distributions	2,599,769	3,918,305	90,688,050	109,763,244
Shares redeemed	<u>(3,193,633)</u>	<u>(3,227,939)</u>	<u>(114,863,669)</u>	<u>(101,536,110)</u>
Net increase (decrease)	<u>954,499</u>	<u>2,402,573</u>	<u>\$ 30,674,306</u>	<u>\$ 62,042,412</u>

12. Other.

The Fund's organizational documents provide former and current trustees and officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Fund. In the normal course of business, the Fund may also enter into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

At the end of the period, the investment adviser or its affiliates were the owners of record of 13% of the total outstanding shares of the Fund and one otherwise unaffiliated shareholder was the owner of record of 10% of the total outstanding shares of the Fund.

Report of Independent Registered Public Accounting Firm

To the Trustees of Variable Insurance Products Fund II and Shareholders of VIP ContrafundSM Portfolio:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of VIP Contrafund Portfolio (the “Fund”), a fund of Variable Insurance Products Fund II, including the schedule of investments, as of December 31, 2017, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodians and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

DELOITTE & TOUCHE LLP
Boston, Massachusetts
February 12, 2018

We have served as the auditor of one or more of the Fidelity investment companies since 1999.

Trustees and Officers

The Trustees, Members of the Advisory Board (if any), and officers of the trust and fund, as applicable, are listed below. The Board of Trustees governs the fund and is responsible for protecting the interests of shareholders. The Trustees are experienced executives who meet periodically throughout the year to oversee the fund's activities, review contractual arrangements with companies that provide services to the fund, oversee management of the risks associated with such activities and contractual arrangements, and review the fund's performance. Each of the Trustees oversees 190 funds.

The Trustees hold office without limit in time except that (a) any Trustee may resign; (b) any Trustee may be removed by written instrument, signed by at least two-thirds of the number of Trustees prior to such removal; (c) any Trustee who requests to be retired or who has become incapacitated by illness or injury may be retired by written instrument signed by a majority of the other Trustees; and (d) any Trustee may be removed at any special meeting of shareholders by a two-thirds vote of the outstanding voting securities of the trust. Each Trustee who is not an interested person (as defined in the 1940 Act) of the trust and the fund is referred to herein as an Independent Trustee. Each Independent Trustee shall retire not later than the last day of the calendar year in which his or her 75th birthday occurs. The Independent Trustees may waive this mandatory retirement age policy with respect to individual Trustees. Officers and Advisory Board Members hold office without limit in time, except that any officer or Advisory Board Member may resign or may be removed by a vote of a majority of the Trustees at any regular meeting or any special meeting of the Trustees. Except as indicated, each individual has held the office shown or other offices in the same company for the past five years.

The fund's Statement of Additional Information (SAI) includes more information about the Trustees. To request a free copy, call Fidelity at 1-877-208-0098.

Experience, Skills, Attributes, and Qualifications of the Trustees. The Governance and Nominating Committee has adopted a statement of policy that describes the experience, qualifications, attributes, and skills that are necessary and desirable for potential Independent Trustee candidates (Statement of Policy). The Board believes that each Trustee satisfied at the time he or she was initially elected or appointed a Trustee, and continues to satisfy, the standards contemplated by the Statement of Policy. The Governance and Nominating Committee also engages professional search firms to help identify potential Independent Trustee candidates who have the experience, qualifications, attributes, and skills consistent with the Statement of Policy. From time to time, additional criteria based on the composition and skills of the current Independent Trustees, as well as experience or skills that may be appropriate in light of future changes to board composition, business conditions, and regulatory or other developments, have also been considered by the professional search firms and the Governance and Nominating Committee. In addition, the Board takes into account the Trustees' commitment and participation in Board and committee meetings, as well as their leadership of standing and ad hoc committees throughout their tenure.

In determining that a particular Trustee was and continues to be qualified to serve as a Trustee, the Board has considered a variety of criteria, none of which, in isolation, was controlling. The Board believes that, collectively, the Trustees have balanced and diverse experience, qualifications, attributes, and skills, which allow the Board to operate effectively in governing the fund and protecting the interests of shareholders. Information about the specific experience, skills, attributes, and qualifications of each Trustee, which in each case led to the Board's conclusion that the Trustee should serve (or continue to serve) as a trustee of the fund, is provided below.

Board Structure and Oversight Function. James C. Curvey is an interested person and currently serves as Chairman. The Trustees have determined that an interested Chairman is appropriate and benefits shareholders because an interested Chairman has a personal and professional stake in the quality and continuity of services provided to the fund. Independent Trustees exercise their informed business judgment to appoint an individual of their choosing to serve as Chairman, regardless of whether the Trustee happens to be independent or a member of management. The Independent Trustees have determined that they can act independently and effectively without having an Independent Trustee serve as Chairman and that a key structural component for assuring that they are in a position to do so is for the Independent Trustees to constitute a substantial majority for the Board. The Independent Trustees also regularly meet in executive session. Ned C. Lautenbach serves as Chairman of the Independent Trustees and as such (i) acts as a liaison between the Independent Trustees and management with respect to matters important to the Independent Trustees and (ii) with management prepares agendas for Board meetings.

Fidelity® funds are overseen by different Boards of Trustees. The fund's Board oversees Fidelity's high income and certain equity funds, and other Boards oversee Fidelity's investment-grade bond, money market, asset allocation, and sector funds. The asset allocation funds may invest in Fidelity® funds overseen by the fund's Board. The use of separate Boards, each with its own committee structure, allows the Trustees of each group of Fidelity® funds to focus on the unique issues of the funds they oversee, including common research, investment, and operational issues. On occasion, the separate Boards establish joint committees to address issues of overlapping consequences for the Fidelity® funds overseen by each Board.

The Trustees operate using a system of committees to facilitate the timely and efficient consideration of all matters of importance to the Trustees, the fund, and fund shareholders and to facilitate compliance with legal and regulatory requirements and oversight of the fund's activities and associated risks. The Board, acting through its committees, has charged FMR and its affiliates with (i) identifying events or circumstances the occurrence of which could have demonstrably adverse effects on the fund's business and/or reputation; (ii) implementing processes and controls to lessen the possibility that such events or circumstances occur or to mitigate the effects of such events or circumstances if they do occur; and (iii) creating and maintaining a system designed to evaluate continuously business and market conditions in order to facilitate the identification and implementation processes described in (i) and (ii) above. Because the day-to-day operations and activities of the fund are carried out by or through FMR, its affiliates, and other service providers, the fund's exposure to risks is mitigated but not eliminated by the processes overseen

Trustees and Officers – continued

by the Trustees. While each of the Board's committees has responsibility for overseeing different aspects of the fund's activities, oversight is exercised primarily through the Operations, Audit, and Compliance Committees. In addition, the Independent Trustees have worked with FMR to enhance the Board's oversight of investment and financial risks, legal and regulatory risks, technology risks, and operational risks, including the development of additional risk reporting to the Board. For example, a working group comprised of Independent Trustees and FMR has worked and continues to work to review the Fidelity® funds' valuation-related activities, reporting and risk management. Appropriate personnel, including but not limited to the fund's Chief Compliance Officer (CCO), FMR's internal auditor, the independent accountants, the fund's Treasurer and portfolio management personnel, make periodic reports to the Board's committees, as appropriate, including an annual review of Fidelity's risk management program for the Fidelity® funds. The responsibilities of each standing committee, including their oversight responsibilities, are described further under "Standing Committees of the Trustees."

Interested Trustees*:

Correspondence intended for a Trustee who is an interested person may be sent to Fidelity Investments, 245 Summer Street, Boston, Massachusetts 02210.

Name, Year of Birth; Principal Occupations and Other Relevant Experience+

James C. Curvey (1935)

Year of Election or Appointment: 2007

Trustee

Chairman of the Board of Trustees

Mr. Curvey also serves as Trustee of other Fidelity® funds. Mr. Curvey is a Director of Fidelity Research & Analysis Co. (investment adviser firm, 2009-present), and Vice Chairman (2007-present) and Director of FMR LLC (diversified financial services company). In addition, Mr. Curvey serves as an Overseer for the Boston Symphony Orchestra and a member of the board of Artis-Naples, Naples, Florida, and as a Trustee for Brewster Academy, Wolfeboro, New Hampshire. Previously, Mr. Curvey served as a Director of Fidelity Investments Money Management, Inc. (investment adviser firm, 2009-2014) and a Director of FMR and FMR Co., Inc. (investment adviser firms, 2007-2014).

Charles S. Morrison (1960)

Year of Election or Appointment: 2014

Trustee

Mr. Morrison also serves as Trustee of other funds. He serves as President of Fidelity SelectCo, LLC (investment adviser firm, 2017-present) and Fidelity Management & Research Company (FMR) (investment adviser firm, 2016-present), a Director of Fidelity Investments Money Management, Inc. (FIMM) (investment adviser firm, 2014-present), Director of Fidelity SelectCo, LLC (investment adviser firm, 2014-present), President, Asset Management (2014-present), and is an employee of Fidelity Investments. Previously, Mr. Morrison served as Vice President of Fidelity's Fixed Income and Asset Allocation Funds (2012-2014), President, Fixed Income (2011-2014), Vice President of Fidelity's Money Market Funds (2005-2009), President, Money Market Group Leader of FMR (investment adviser firm, 2009), and Senior Vice President, Money Market Group of FMR (2004-2009). Mr. Morrison also served as Vice President of Fidelity's Bond Funds (2002-2005), certain Balanced Funds (2002-2005), and certain Asset Allocation Funds (2002-2007), and as Senior Vice President (2002-2005) of Fidelity's Bond Division.

* Determined to be an "Interested Trustee" by virtue of, among other things, his or her affiliation with the trust or various entities under common control with FMR.

+ The information includes the Trustee's principal occupation during the last five years and other information relating to the experience, attributes, and skills relevant to the Trustee's qualifications to serve as a Trustee, which led to the conclusion that the Trustee should serve as a Trustee for the fund.

Independent Trustees:

Correspondence intended for an Independent Trustee may be sent to Fidelity Investments, P.O. Box 55235, Boston, Massachusetts 02205-5235.

Name, Year of Birth; Principal Occupations and Other Relevant Experience+

Dennis J. Dirks (1948)

Year of Election or Appointment: 2005

Trustee

Mr. Dirks also serves as Trustee of other Fidelity® funds. Prior to his retirement in May 2003, Mr. Dirks was Chief Operating Officer and a member of the Board of The Depository Trust & Clearing Corporation (DTCC). He also served as President, Chief Operating Officer, and Board member of The Depository Trust Company (DTC) and President and Board member of the National Securities Clearing Corporation (NSCC). In addition, Mr. Dirks served as Chief Executive Officer and Board member of the Government Securities Clearing Corporation, Chief Executive Officer and Board member of the Mortgage-Backed Securities Clearing Corporation, as a Trustee and a member of the Finance Committee of Manhattan College (2005-2008), as a Trustee and a member of the Finance Committee of AHRC of Nassau County (2006-2008), as a member of the Independent Directors Council (IDC) Governing Council (2010-2015), and as a member of the Board of Directors for The Brookville Center for Children's Services, Inc. (2009-2017). Mr. Dirks is a member of the Finance Committee (2016-present) and Board of Directors (2017-present) of the Asolo Repertory Theatre.

Alan J. Lacy (1953)

Year of Election or Appointment: 2008

Trustee

Mr. Lacy also serves as Trustee of other Fidelity® funds. Mr. Lacy serves as a Director of Bristol-Myers Squibb Company (global pharmaceuticals, 2008-present). He is a Trustee of the California Chapter of The Nature Conservancy (2015-present) and a Director of the Center for Advanced Study in the Behavioral Sciences at Stanford University (2015-present). In addition, Mr. Lacy served as Senior Adviser (2007-2014) of Oak Hill Capital Partners, L.P. (private equity) and also served as Chief Executive Officer (2005) and Vice Chairman (2005-2006) of Sears Holdings Corporation (retail) and Chief Executive Officer and Chairman of the Board of Sears, Roebuck and Co. (retail, 2000-2005). Previously, Mr. Lacy served as Chairman (2014-2017) and a member (2010-2017) of the Board of Directors of Dave & Buster's Entertainment, Inc. (restaurant and entertainment complexes), as Chairman (2008-2011) and a member (2006-2015) of the Board of Trustees of the National Parks Conservation Association, and as a member of the Board of Directors for The Hillman Companies, Inc. (hardware wholesalers, 2010-2014), Earth Fare, Inc. (retail grocery, 2010-2014), and The Western Union Company (global money transfer, 2006-2011).

Ned C. Lautenbach (1944)

Year of Election or Appointment: 2000

Trustee

Chairman of the Independent Trustees

Mr. Lautenbach also serves as Trustee of other Fidelity® funds. Mr. Lautenbach currently serves as Vice Chair of the Board of Governors, State University System of Florida (2013-present) and is a member of the Council on Foreign Relations (1994-present). He is also a member and has most recently served as Chairman of the Board of Directors of Artis-Naples (2012-present). Previously, Mr. Lautenbach served as a member and then Lead Director of the Board of Directors of Eaton Corporation (diversified industrial, 1997-2016). He was also a Partner and Advisory Partner at Clayton, Dubilier & Rice, LLC (private equity investment, 1998-2010), as well as a Director of Sony Corporation (2006-2007). In addition, Mr. Lautenbach also had a 30-year career with IBM (technology company) during which time he served as Senior Vice President and a member of the Corporate Executive Committee (1968-1998).

Joseph Mauriello (1944)

Year of Election or Appointment: 2008

Trustee

Mr. Mauriello also serves as Trustee of other Fidelity® funds. Prior to his retirement in January 2006, Mr. Mauriello served in numerous senior management positions including Deputy Chairman and Chief Operating Officer (2004-2005), and Vice Chairman of Financial Services (2002-2004) of KPMG LLP US (professional services, 1965-2005). Mr. Mauriello currently serves as a member of the Board of Directors of XL Group plc. (global insurance and re-insurance, 2006-present) and the Independent Directors Council (IDC) Governing Council (2015-present). Previously, Mr. Mauriello served as a Director of the Hamilton Funds of the Bank of New York (2006-2007) and of Arcadia Resources Inc. (health care services and products, 2007-2012).

Trustees and Officers – continued

Cornelia M. Small (1944)

Year of Election or Appointment: 2005

Trustee

Ms. Small also serves as Trustee of other Fidelity® funds. Ms. Small is a member of the Board of Directors (2009-present) and Chair of the Investment Committee (2010-present) of the Teagle Foundation. Ms. Small also serves on the Investment Committee of the Berkshire Taconic Community Foundation (2008-present). Previously, Ms. Small served as Chairperson (2002-2008) and a member of the Investment Committee and Chairperson (2008-2012) and a member of the Board of Trustees of Smith College. In addition, Ms. Small served as Chief Investment Officer, Director of Global Equity Investments, and a member of the Board of Directors of Scudder, Stevens & Clark and Scudder Kemper Investments.

William S. Stavropoulos (1939)

Year of Election or Appointment: 2001

Trustee

Vice Chairman of the Independent Trustees

Mr. Stavropoulos also serves as Trustee of other Fidelity® funds. Mr. Stavropoulos serves as President and Founder of the Michigan Baseball Foundation, the Great Lakes Loons (2007-present). Mr. Stavropoulos is Chairman Emeritus of the Board of Directors of The Dow Chemical Company, where he previously served in numerous senior management positions, including President, CEO (1995-2000; 2002-2004), Chairman of the Executive Committee (2000-2006), and as a member of the Board of Directors (1990-2006). Currently, Mr. Stavropoulos is Chairman of the Board of Directors of Univar Inc. (global distributor of commodity and specialty chemicals), a Director of Teradata Corporation (data warehousing and technology solutions), and a member of the Advisory Board for Metalmark Capital LLC (private equity investment, 2005-present). Mr. Stavropoulos is an operating advisor to Clayton, Dubilier & Rice, LLC (private equity investment). In addition, Mr. Stavropoulos is a member of the University of Notre Dame Advisory Council for the College of Science, a Trustee of the Rollin L. Gerstacker Foundation, and a Director of Artis-Naples in Naples, Florida. Previously, Mr. Stavropoulos served as a Director of Chemical Financial Corporation (bank holding company, 1993-2012) and Tyco International, Ltd. (multinational manufacturing and services, 2007-2012).

David M. Thomas (1949)

Year of Election or Appointment: 2008

Trustee

Mr. Thomas also serves as Trustee of other Fidelity® funds. Mr. Thomas serves as Non-Executive Chairman of the Board of Directors of Fortune Brands Home and Security (home and security products, 2011-present), as a member of the Board of Directors (2004-present) and Presiding Director (2013-present) of Interpublic Group of Companies, Inc. (marketing communication), and as a member of the Board of Trustees of the University of Florida (2013-present). Previously, Mr. Thomas served as Executive Chairman (2005-2006) and Chairman and Chief Executive Officer (2000-2005) of IMS Health, Inc. (pharmaceutical and healthcare information solutions), and a Director of Fortune Brands, Inc. (consumer products, 2000-2011).

+ The information includes the Trustee's principal occupation during the last five years and other information relating to the experience, attributes, and skills relevant to the Trustee's qualifications to serve as a Trustee, which led to the conclusion that the Trustee should serve as a Trustee for the fund.

Advisory Board Members and Officers:

Correspondence intended for an officer or Peter S. Lynch may be sent to Fidelity Investments, 245 Summer Street, Boston, Massachusetts 02210. Officers appear below in alphabetical order.

Name, Year of Birth; Principal Occupation

Peter S. Lynch (1944)

Year of Election or Appointment: 2003

Member of the Advisory Board

Mr. Lynch also serves as Member of the Advisory Board of other Fidelity® funds. Mr. Lynch is Vice Chairman and a Director of FMR (investment adviser firm) and FMR Co., Inc. (investment adviser firm). In addition, Mr. Lynch serves as a Trustee of Boston College and as the Chairman of the Inner-City Scholarship Fund. Previously, Mr. Lynch served on the Special Olympics International Board of Directors (1997-2006).

Elizabeth Paige Baumann (1968)

Year of Election or Appointment: 2017
Anti-Money Laundering (AML) Officer

Ms. Baumann also serves as AML Officer of other funds. She is Chief AML Officer (2012-present) and Senior Vice President (2014-present) of FMR LLC (diversified financial services company) and is an employee of Fidelity Investments. Previously, Ms. Baumann served as AML Officer of the funds (2012-2016), and Vice President (2007-2014) and Deputy Anti-Money Laundering Officer (2007-2012) of FMR LLC.

Marc R. Bryant (1966)

Year of Election or Appointment: 2015
Secretary and Chief Legal Officer (CLO)

Mr. Bryant also serves as Secretary and CLO of other funds. Mr. Bryant serves as CLO, Secretary, and Senior Vice President of Fidelity Management & Research Company (investment adviser firm, 2015-present) and FMR Co., Inc. (investment adviser firm, 2015-present); Secretary of Fidelity SelectCo, LLC (investment adviser firm, 2015-present) and Fidelity Investments Money Management, Inc. (investment adviser firm, 2015-present); and CLO of Fidelity Management & Research (Hong Kong) Limited and FMR Investment Management (UK) Limited (investment adviser firms, 2015-present) and Fidelity Management & Research (Japan) Limited (investment adviser firm, 2016-present). He is Senior Vice President and Deputy General Counsel of FMR LLC (diversified financial services company). Previously, Mr. Bryant served as Secretary and CLO of Fidelity Rutland Square Trust II (2010-2014) and Assistant Secretary of Fidelity's Fixed Income and Asset Allocation Funds (2013-2015). Prior to joining Fidelity Investments, Mr. Bryant served as a Senior Vice President and the Head of Global Retail Legal for AllianceBernstein L.P. (2006-2010), and as the General Counsel for ProFund Advisors LLC (2001-2006).

William C. Coffey (1969)

Year of Election or Appointment: 2009
Assistant Secretary

Mr. Coffey also serves as Assistant Secretary of other funds. He is Senior Vice President and Deputy General Counsel of FMR LLC (diversified financial services company, 2010-present), and is an employee of Fidelity Investments. Previously, Mr. Coffey served as Vice President and Associate General Counsel of FMR LLC (2005-2009).

Jonathan Davis (1968)

Year of Election or Appointment: 2010
Assistant Treasurer

Mr. Davis also serves as Assistant Treasurer of other funds. Mr. Davis serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments. Previously, Mr. Davis served as Vice President and Associate General Counsel of FMR LLC (diversified financial services company, 2003-2010).

Adrien E. Deberghes (1967)

Year of Election or Appointment: 2016
Assistant Treasurer

Mr. Deberghes also serves as an officer of other funds. He serves as Assistant Treasurer of FMR Capital, Inc. (2017-present), Executive Vice President of Fidelity Investments Money Management, Inc. (FIMM) (investment adviser firm, 2016-present), and is an employee of Fidelity Investments (2008-present). Prior to joining Fidelity Investments, Mr. Deberghes was Senior Vice President of Mutual Fund Administration at State Street Corporation (2007-2008), Senior Director of Mutual Fund Administration at Investors Bank & Trust (2005-2007), and Director of Finance for Dunkin' Brands (2000-2005). Previously, Mr. Deberghes served in other fund officer roles.

Stephanie J. Dorsey (1969)

Year of Election or Appointment: 2010
Assistant Treasurer

Ms. Dorsey also serves as an officer of other funds. Ms. Dorsey serves as Assistant Treasurer of FMR Capital, Inc. (2017-present), is an employee of Fidelity Investments (2008-present), and has served in other fund officer roles. Prior to joining Fidelity Investments, Ms. Dorsey served as Treasurer (2004-2008) of the JPMorgan Mutual Funds and Vice President (2004-2008) of JPMorgan Chase Bank.

Trustees and Officers – continued

Howard J. Galligan III (1966)

Year of Election or Appointment: 2014

Chief Financial Officer

Mr. Galligan also serves as Chief Financial Officer of other funds. Mr. Galligan serves as President of Fidelity Pricing and Cash Management Services (FPCMS) (2014-present) and as a Director of Strategic Advisers, Inc. (investment adviser firm, 2008-present). Previously, Mr. Galligan served as Chief Administrative Officer of Asset Management (2011-2014) and Chief Operating Officer and Senior Vice President of Investment Support for Strategic Advisers, Inc. (2003-2011).

Brian B. Hogan (1964)

Year of Election or Appointment: 2009

Vice President

Mr. Hogan also serves as Trustee or Vice President of other funds. Mr. Hogan serves as a Director of FMR Investment Management (UK) Limited (investment adviser firm, 2015-present) and Fidelity SelectCo, LLC (investment adviser firm, 2014-present) and President of the Equity Division of FMR (investment adviser firm, 2009-present). Previously, Mr. Hogan served as Senior Vice President, Equity Research of FMR (2006-2009) and as a portfolio manager. Mr. Brian B. Hogan is not related to Mr. Colm A. Hogan.

Colm A. Hogan (1973)

Year of Election or Appointment: 2016

Deputy Treasurer

Mr. Hogan also serves as an officer of other funds. Mr. Hogan serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (2005-present). Mr. Colm A. Hogan is not related to Mr. Brian B. Hogan.

Chris Maher (1972)

Year of Election or Appointment: 2013

Assistant Treasurer

Mr. Maher serves as Assistant Treasurer of other funds. Mr. Maher is Vice President of Valuation Oversight, serves as Assistant Treasurer of FMR Capital, Inc. (2017-present), and is an employee of Fidelity Investments. Previously, Mr. Maher served as Vice President of Asset Management Compliance (2013), Vice President of the Program Management Group of FMR (investment adviser firm, 2010-2013), and Vice President of Valuation Oversight (2008-2010).

Rieco E. Mello (1969)

Year of Election or Appointment: 2017

Assistant Treasurer

Mr. Mello also serves as Assistant Treasurer of other funds. Mr. Mello serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (1995-present).

Melissa M. Reilly (1971)

Year of Election or Appointment: 2014

Vice President of certain Equity Funds

Ms. Reilly also serves as Vice President of other funds. Ms. Reilly is an employee of Fidelity Investments (2004-present).

Kenneth B. Robins (1969)

Year of Election or Appointment: 2016

Chief Compliance Officer

Mr. Robins also serves as an officer of other funds. Mr. Robins serves as Compliance Officer of Fidelity Management & Research Company and FMR Co., Inc. (investment adviser firms, 2016-present) and is an employee of Fidelity Investments (2004-present). Previously, Mr. Robins served as Executive Vice President of Fidelity Investments Money Management, Inc. (investment adviser firm, 2013-2016) and served in other fund officer roles.

Stacie M. Smith (1974)

Year of Election or Appointment: 2016

President and Treasurer

Ms. Smith also serves as an officer of other funds. Ms. Smith serves as Assistant Treasurer of FMR Capital, Inc. (2017-present), is an employee of Fidelity Investments (2009-present), and has served in other fund officer roles. Prior to joining Fidelity Investments, Ms. Smith served as Senior Audit Manager of Ernst & Young LLP (accounting firm, 1996-2009). Previously, Ms. Smith served as Deputy Treasurer of certain Fidelity® funds (2013-2016).

Marc L. Spector (1972)

Year of Election or Appointment: 2016

Assistant Treasurer

Mr. Spector also serves as an officer of other funds. Mr. Spector serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (2016-present). Prior to joining Fidelity Investments, Mr. Spector served as Director at the Siegfried Group (accounting firm, 2013-2016), and prior to Siegfried Group as audit senior manager at Deloitte & Touche (accounting firm, 2005-2013).

Renee Stagnone (1975)

Year of Election or Appointment: 2016

Assistant Treasurer

Ms. Stagnone also serves as an officer of other funds. Ms. Stagnone serves as Assistant Treasurer of FMR Capital, Inc. (2017-present) and is an employee of Fidelity Investments (1997-present). Previously, Ms. Stagnone served as Deputy Treasurer of certain Fidelity® funds (2013-2016).

Shareholder Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (July 1, 2017 to December 31, 2017).

Actual Expenses

The first line of the accompanying table for each class of the Fund provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000.00 (for example, an \$8,600 account value divided by \$1,000.00 = 8.6), then multiply the result by the number in the first line for a class of the Fund under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period. The estimate of expenses does not include any fees or other expenses of any variable annuity or variable life insurance product. If they were, the estimate of expenses you paid during the period would be higher, and your ending account value would be lower. In addition, the Fund, as a shareholder in the underlying Fidelity Central Funds, will indirectly bear its pro-rata share of the fees and expenses incurred by the underlying Fidelity Central Funds. These fees and expenses are not included in the Fund’s annualized expense ratio used to calculate the expense estimate in the table below.

Hypothetical Example for Comparison Purposes

The second line of the accompanying table for each class of the Fund provides information about hypothetical account values and hypothetical expenses based on a Class’ actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Class’ actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. The estimate of expenses does not include any fees or other expenses of any variable annuity or variable life insurance product. If they were, the estimate of expenses you paid during the period would be higher, and your ending account value would be lower. In addition, the Fund, as a shareholder in the underlying Fidelity Central Funds, will indirectly bear its pro-rata share of the fees and expenses incurred by the underlying Fidelity Central Funds. These fees and expenses are not included in the Fund’s annualized expense ratio used to calculate the expense estimate in the table below.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs.

Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	Annualized Expense Ratio ^A	Beginning Account Value July 1, 2017	Ending Account Value December 31, 2017	Expenses Paid During Period ^B July 1, 2017 to December 31, 2017
Initial Class	.62%			
Actual		\$1,000.00	\$1,092.70	\$3.27
Hypothetical^C		\$1,000.00	\$1,022.08	\$3.16
Service Class	.72%			
Actual		\$1,000.00	\$1,092.20	\$3.80
Hypothetical^C		\$1,000.00	\$1,021.58	\$3.67
Service Class 2	.87%			
Actual		\$1,000.00	\$1,091.30	\$4.59
Hypothetical^C		\$1,000.00	\$1,020.82	\$4.43
Investor Class	.70%			
Actual		\$1,000.00	\$1,092.50	\$3.69
Hypothetical^C		\$1,000.00	\$1,021.68	\$3.57

^A Annualized expense ratio reflects expenses net of applicable fee waivers.

^B Expenses are equal to each Class’ annualized expense ratio, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

^C 5% return per year before expenses

Distributions (Unaudited)

The Board of Trustees of VIP Contrafund Portfolio voted to pay to shareholders of record at the opening of business on record date, the following distributions per share derived from capital gains realized from sales of portfolio securities, and dividends derived from net investment income:

	Pay Date	Record Date	Dividends	Capital Gains
VIP Contrafund Portfolio				
Initial Class	02/09/18	02/09/18	\$0.065	\$3.276
Service Class	02/09/18	02/09/18	\$0.059	\$3.276
Service Class 2	02/09/18	02/09/18	\$0.050	\$3.276
Investor Class	02/09/18	02/09/18	\$0.060	\$3.276

The fund hereby designates as a capital gain dividend with respect to the taxable year ended December 31, 2017, \$1,658,225,053, or, if subsequently determined to be different, the net capital gain of such year.

Initial Class designates 93% and 51%; Service Class designates 99% and 53%; Service Class 2 designates 100% and 55% and Investor Class designates 98% and 52% of the dividends distributed in February and December 2017, respectively, during the fiscal year as qualifying for the dividends-received deduction for corporate shareholders.

Board Approval of Investment Advisory Contracts and Management Fees

VIP Contrafund Portfolio

Each year, the Board of Trustees, including the Independent Trustees (together, the Board), votes on the renewal of the management contract with Fidelity Management & Research Company (FMR) and the sub-advisory agreements (together, the Advisory Contracts) for the fund. FMR and the sub-advisers are referred to herein as the Investment Advisers. The Board, assisted by the advice of fund counsel and Independent Trustees' counsel, requests and considers a broad range of information relevant to the renewal of the Advisory Contracts throughout the year.

The Board meets regularly and, at each of its meetings, covers an extensive agenda of topics and materials and considers factors that are relevant to its annual consideration of the renewal of the fund's Advisory Contracts, including the services and support provided to the fund and its shareholders. The Board has established various standing committees (Committees), each composed of and chaired by Independent Trustees with varying backgrounds, to which the Board has assigned specific subject matter responsibilities in order to enhance effective decision-making by the Board. The Board, acting directly and through its Committees, requests and receives information concerning the annual consideration of the renewal of the fund's Advisory Contracts. The Board also meets as needed to review matters specifically related to the Board's annual consideration of the renewal of the Advisory Contracts. Members of the Board may also meet with trustees of other Fidelity funds through ad hoc joint committees to discuss certain matters relevant to all of the Fidelity funds.

At its July 2017 meeting, the Board unanimously determined to renew the fund's Advisory Contracts. In reaching its determination, the Board considered all factors it believed relevant, including (i) the nature, extent, and quality of the services to be provided to the fund and its shareholders (including the investment performance of the fund); (ii) the competitiveness of the fund's management fee and total expense ratio relative to peer funds; (iii) the total costs of the services to be provided by and the profits to be realized by Fidelity from its relationships with the fund; and (iv) the extent to which, if any, economies of scale exist and would be realized as the fund grows, and whether any economies of scale are appropriately shared with fund shareholders.

In considering whether to renew the Advisory Contracts for the fund, the Board reached a determination, with the assistance of fund counsel and Independent Trustees' counsel and through the exercise of its business judgment, that the renewal of the Advisory Contracts was in the best interests of the fund and its shareholders and that the compensation payable under the Advisory Contracts was fair and reasonable. The Board's decision to renew the Advisory Contracts was not based on any single factor, but rather was based on a comprehensive consideration of all the information provided to the Board at its meetings throughout the year. The Board, in reaching its determination to renew the Advisory Contracts, was aware that shareholders of the fund have a broad range of investment choices available to them, including a wide choice among funds offered by Fidelity's competitors, and that the fund's shareholders, who have the opportunity to review and weigh the disclosure provided by the fund in its prospectus and other public disclosures, have chosen to invest in this fund, which is part of the Fidelity family of funds.

Amendment to Group Fee Rate. The Board also approved an amendment to the management contract for the fund to add an additional breakpoint to the group fee schedule, effective October 1, 2017. The Board noted that the additional breakpoint would result in lower management fee rates as Fidelity's assets under management increase.

Nature, Extent, and Quality of Services Provided. The Board considered Fidelity's staffing as it relates to the fund, including the backgrounds of investment personnel of Fidelity, and also considered the fund's investment objective, strategies, and related investment philosophy. The Independent Trustees also had discussions with senior management of Fidelity's investment operations and investment groups. The Board considered the structure of the investment personnel compensation program and whether this structure provides appropriate incentives to act in the best interests of the fund. Additionally, the Board considered the portfolio managers' investments, if any, in the funds that they manage.

Resources Dedicated to Investment Management and Support Services. The Board and the Fund Oversight and Research Committees reviewed the general qualifications and capabilities of Fidelity's investment staff, including its size, education, experience, and resources, as well as Fidelity's approach to recruiting, training, managing, and compensating investment personnel. The Board noted that Fidelity has continued to increase the resources devoted to non-U.S. offices, including expansion of Fidelity's global investment organization. The Board also noted that Fidelity's analysts have extensive resources, tools and capabilities that allow them to conduct sophisticated quantitative and fundamental analysis, as well as credit analysis of issuers, counterparties and guarantors. Further, the Board considered that Fidelity's investment professionals have sufficient access to global information and data so as to provide competitive investment results over time, and that those professionals also have access to sophisticated tools that permit them to assess portfolio construction and risk and performance attribution characteristics continuously, as well as to transmit new information and research conclusions rapidly around the world. Additionally, in its deliberations, the Board considered Fidelity's trading, risk management, compliance, and technology and operations capabilities and resources, which are integral parts of the investment management process.

Shareholder and Administrative Services. The Board considered (i) the nature, extent, quality, and cost of advisory, administrative, and shareholder services performed by the Investment Advisers and their affiliates under the Advisory Contracts and under separate agreements covering transfer agency, pricing and bookkeeping, and securities lending services for the fund; (ii) the nature and extent of the supervision of third party service providers, principally custodians, subcustodians, and pricing vendors; and (iii) the resources devoted to, and the record of compliance with, the fund's compliance policies and procedures. The Board also reviewed the allocation of fund brokerage, including allocations to brokers

affiliated with the Investment Advisers, the use of brokerage commissions to pay fund expenses, and the use of “soft” commission dollars to pay for research services.

The Board noted that the growth of fund assets over time across the complex allows Fidelity to reinvest in the development of services designed to enhance the value or convenience of the Fidelity funds as investment vehicles. These services include 24-hour access to account information and market information through telephone representatives and over the Internet, investor education materials and asset allocation tools, and the expanded availability of Fidelity Investor Centers.

In 2014, the Board formed an ad hoc Committee on Transfer Agency Fees to review the variety of transfer agency fee structures throughout the industry and Fidelity’s competitive positioning with respect to industry participants.

Investment in a Large Fund Family. The Board considered the benefits to shareholders of investing in a Fidelity fund, including the benefits of investing in a fund that is part of a large family of funds offering a variety of investment disciplines and providing a large variety of mutual fund investor services. The Board noted that Fidelity had taken, or had made recommendations that resulted in the Fidelity funds taking, a number of actions over the previous year that benefited particular funds, including: (i) continuing to dedicate additional resources to Fidelity’s investment research process, and to the support of the senior management team that oversees asset management; (ii) continuing efforts to enhance Fidelity’s global research capabilities; (iii) launching new funds and making other enhancements to meet client needs; (iv) launching new share classes of existing funds; (v) eliminating purchase minimums and broadening eligibility requirements for certain lower-priced share classes; (vi) reducing management fees and total expenses for certain growth equity funds and index funds; (vii) lowering expense caps for certain existing funds and classes to reduce expenses borne by shareholders; (viii) eliminating short-term redemption fees for certain funds; (ix) introducing a new pricing structure for certain funds of funds that is expected to reduce overall expenses paid by shareholders; (x) rationalizing product lines and gaining increased efficiencies through proposals for fund mergers and share class consolidations; (xi) continuing to develop, acquire and implement systems and technology to improve services to the funds and shareholders, strengthen information security, and increase efficiency; and (xii) implementing enhancements to further strengthen Fidelity’s product line to increase investors’ probability of success in achieving their investment goals, including retirement income goals.

Investment Performance. The Board considered whether the fund has operated in accordance with its investment objective, as well as its record of compliance with its investment restrictions and its performance history.

The Board took into account discussions with representatives of the Investment Advisers about fund investment performance that occur at Board meetings throughout the year. In this regard the Board noted that as part of regularly scheduled fund reviews and other reports to the Board on fund performance, the Board considers annualized return information for the fund for different time periods, measured against a securities market index (“benchmark index”) and a peer group of funds with similar objectives (“peer group”), if any. In its evaluation of fund investment performance, the Board gave particular attention to information indicating changes in performance of certain Fidelity funds for specific time periods and discussed with the Investment Advisers the reasons for any overperformance or underperformance.

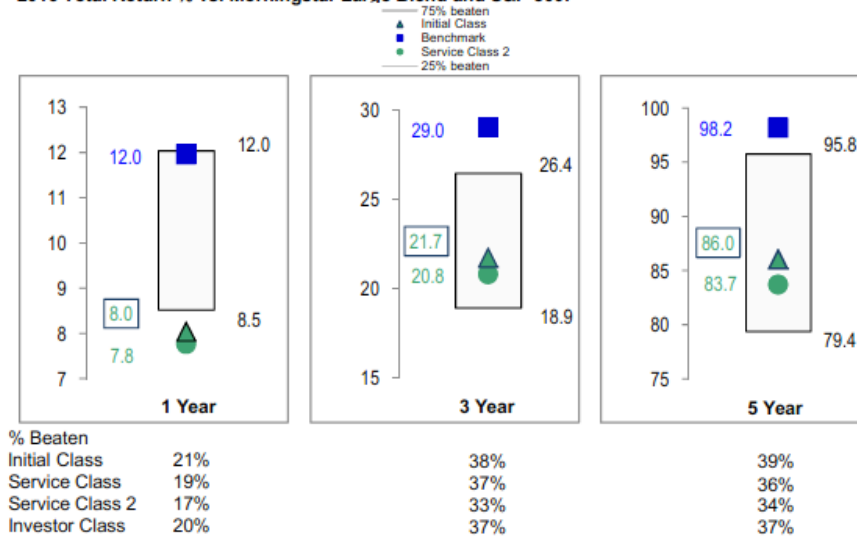
In addition to reviewing absolute and relative fund performance, the Independent Trustees periodically consider the appropriateness of fund performance metrics in evaluating the results achieved. In general, the Independent Trustees believe that fund performance should be evaluated based on net performance (after fees and expenses) of both the highest performing and lowest performing fund share classes, where applicable, compared to appropriate benchmark indices, over appropriate time periods that may include full market cycles, and compared to peer groups, as applicable, over the same periods, taking into account relevant factors including the following: general market conditions; issuer-specific information; and fund cash flows and other factors.

The Independent Trustees recognize that shareholders evaluate performance on a net basis over their own holding periods, for which one-, three-, and five-year periods are often used as a proxy. For this reason, the performance information reviewed by the Board also included net cumulative calendar year total return information for the fund and an appropriate benchmark index and peer group for the most recent one-, three-, and five-year periods, as shown below. Returns are shown compared to the 25th percentile (top of box, 75% beaten) and 75th percentile (bottom of box, 25% beaten) of the peer universe.

Board Approval of Investment Advisory Contracts and Management Fees – continued

VIP Contrafund Portfolio

2016 Total Return % vs. Morningstar Large Blend and S&P 500:



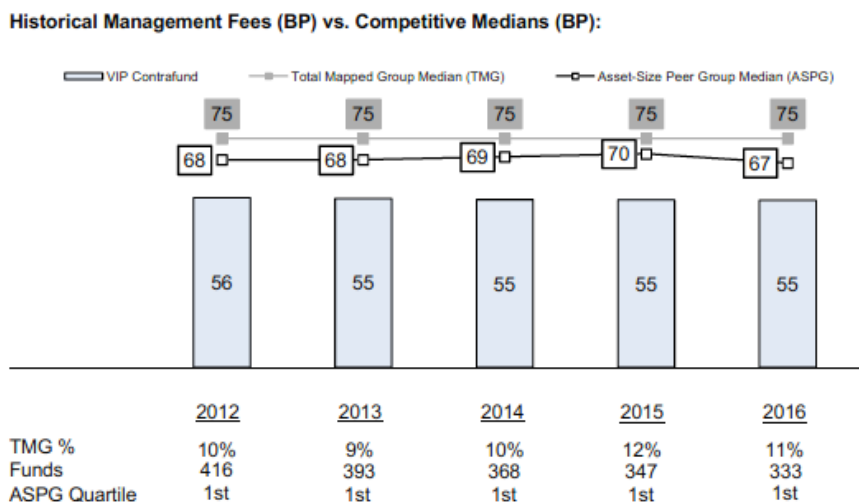
The Board has discussed the fund's underperformance (based on the December 31, 2016 data presented herein) with FMR, including the fund's investment strategy, the portfolio management team, and broader trends in the market that may have impacted the fund's performance, and has engaged with FMR to consider what steps might be taken to remediate the fund's underperformance. The Board noted that the fund's performance has improved since the period shown. The Board noted that there were portfolio management changes for the fund in October 2015 and October 2016.

Based on its review, the Board concluded that the nature, extent, and quality of services provided to the fund under the Advisory Contracts should continue to benefit the shareholders of the fund.

Competitiveness of Management Fee and Total Expense Ratio. The Board considered the fund's management fee and total expense ratio compared to "mapped groups" of competitive funds and classes created for the purpose of facilitating the Trustees' competitive analysis of management fees and total expenses. Fidelity creates "mapped groups" by combining similar Lipper investment objective categories that have comparable investment mandates. Combining Lipper investment objective categories aids the Board's management fee and total expense ratio comparisons by broadening the competitive group used for comparison.

Management Fee. The Board considered two proprietary management fee comparisons for the 12-month periods shown in basis points (BP) in the chart below. The group of Lipper funds used by the Board for management fee comparisons is referred to below as the "Total Mapped Group." The Total Mapped Group comparison focuses on a fund's standing in terms of gross management fees before expense reimbursements or caps relative to the total universe of funds with comparable investment mandates, regardless of whether their management fee structures also are comparable. Funds with comparable investment mandates offer exposure to similar types of securities. Funds with comparable management fee structures have similar management fee contractual arrangements (*e.g.*, flat rate charged for advisory services, all-inclusive fee rate, *etc.*). "TMG %" represents the percentage of funds in the Total Mapped Group that had management fees that were lower than the fund's. For example, a hypothetical TMG % of 20% would mean that 80% of the funds in the Total Mapped Group had higher, and 20% had lower, management fees than the fund. The fund's actual TMG %s and the number of funds in the Total Mapped Group are in the chart below. The "Asset-Size Peer Group" (ASPG) comparison focuses on a fund's standing relative to a subset of non-Fidelity funds within the Total Mapped Group that are similar in size and management fee structure. For example, if a fund is in the first quartile of the ASPG, the fund's management fee ranks in the least expensive or lowest 25% of funds in the ASPG. The ASPG represents at least 15% of the funds in the Total Mapped Group with comparable asset size and management fee structures, subject to a minimum of 50 funds (or all funds in the Total Mapped Group if fewer than 50). Additional information, such as the ASPG quartile in which the fund's management fee rate ranked, is also included in the chart and considered by the Board.

VIP Contrafund Portfolio



The Board noted that the fund's management fee rate ranked below the median of its Total Mapped Group and below the median of its ASPG for 2016.

The Board noted that, in 2014, the Board and the boards of other Fidelity funds formed the ad hoc Committee on Group Fee to conduct an in-depth review of the "group fee" component of the management fee of funds with such management fee structures. The Committee's focus included the mechanics of the group fee, the competitive landscape of group fee structures, Fidelity funds with no group fee component and investment products not included in group fee assets. The Board also considered that, for funds subject to the group fee, FMR agreed to voluntarily waive fees over a specified period of time in amounts designed to account for assets converted from certain funds to certain collective investment trusts.

The Board also noted that, in 2013, the ad hoc Committee on Management Fees was formed to conduct an in-depth review of the management fee rates of Fidelity's active equity mutual funds. The Committee focused on the following areas: (i) standard fee structures; (ii) research consumption and trading evolution; (iii) management fee competitiveness/profitability by category; and (iv) factors that drive institutional pricing.

Based on its review, the Board concluded that the fund's management fee is fair and reasonable in light of the services that the fund receives and the other factors considered.

Total Expense Ratio. In its review of each class's total expense ratio, the Board considered the fund's management fee rate as well as other fund or class expenses, as applicable, such as transfer agent fees, pricing and bookkeeping fees, fund-paid 12b-1 fees, and custodial, legal, and audit fees. The Board also noted that Fidelity may agree to waive fees and expenses from time to time, and the extent to which, if any, it has done so for the fund. As part of its review, the Board also considered the current and historical total expense ratios of each class of the fund compared to competitive fund median expenses. Each class of the fund is compared to those funds and classes in the Total Mapped Group (used by the Board for management fee comparisons) that have a similar sales load structure.

The Board noted that the total expense ratio of each class ranked below the competitive median for 2016.

Fees Charged to Other Fidelity Clients. The Board also considered Fidelity fee structures and other information with respect to clients of Fidelity, such as other funds advised or subadvised by Fidelity, pension plan clients, and other institutional clients with similar mandates. The Board noted that an ad hoc joint committee created by it and the boards of other Fidelity funds periodically (most recently in 2013) reviews and compares Fidelity's institutional investment advisory business with its business of providing services to the Fidelity funds, including the differences in services provided, fees charged, and costs incurred, as well as competition in their respective marketplaces.

Based on its review of total expense ratios and fees charged to other Fidelity clients, the Board concluded that the total expense ratio of each class of the fund was reasonable in light of the services that the fund and its shareholders receive and the other factors considered.

Costs of the Services and Profitability. The Board considered the revenues earned and the expenses incurred by Fidelity in conducting the business of developing, marketing, distributing, managing, administering and servicing the fund and servicing the fund's shareholders. The Board also considered the level of Fidelity's profits in respect of all the Fidelity funds.

On an annual basis, Fidelity presents to the Board information about the profitability of its relationships with the fund. Fidelity calculates profitability information for each fund, as well as aggregate profitability information for groups of Fidelity funds and all Fidelity funds, using a series of

Board Approval of Investment Advisory Contracts and Management Fees – continued

detailed revenue and cost allocation methodologies which originate with the books and records of Fidelity on which Fidelity's audited financial statements are based. The Audit Committee of the Board reviews any significant changes from the prior year's methodologies.

PricewaterhouseCoopers LLP (PwC), independent registered public accounting firm and auditor to Fidelity and certain Fidelity funds, has been engaged annually by the Board as part of the Board's assessment of Fidelity's profitability analysis. PwC's engagement includes the review and assessment of the methodologies used by Fidelity in determining the revenues and expenses attributable to Fidelity's mutual fund business, and completion of agreed-upon procedures in respect of the mathematical accuracy of the fund profitability information and its conformity to established allocation methodologies. After considering PwC's reports issued under the engagement and information provided by Fidelity, the Board concluded that while other allocation methods may also be reasonable, Fidelity's profitability methodologies are reasonable in all material respects.

The Board also reviewed Fidelity's non-fund businesses and potential fall-out benefits related to the mutual fund business as well as cases where Fidelity's affiliates may benefit from or be related to the fund's business.

The Board considered the costs of the services provided by and the profits realized by Fidelity in connection with the operation of the fund and was satisfied that the profitability was not excessive.

Economies of Scale. The Board considered whether there have been economies of scale in respect of the management of the Fidelity funds, whether the Fidelity funds (including the fund) have appropriately benefited from any such economies of scale, and whether there is potential for realization of any further economies of scale. The Board considered the extent to which the fund will benefit from economies of scale as assets grow through increased services to the fund, through waivers or reimbursements, or through fee or expense ratio reductions. The Board also noted that a committee (the Economies of Scale Committee) created by it and the boards of other Fidelity funds periodically (most recently in 2013) analyzes whether Fidelity attains economies of scale in respect of the management and servicing of the Fidelity funds, whether the Fidelity funds have appropriately benefited from such economies of scale, and whether there is potential for realization of any further economies of scale.

The Board recognized that the fund's management contract incorporates a "group fee" structure, which provides for lower group fee rates as total group assets increase, and for higher group fee rates as total group assets decrease (with "group assets" defined to include fund assets under FMR's management plus the assets of sector funds previously under FMR's management). FMR calculates the group fee rates based on a tiered asset "breakpoint" schedule that varies based on asset class. The Board considered that the group fee is designed to deliver the benefits of economies of scale to fund shareholders when total Fidelity fund assets increase, even if assets of any particular fund are unchanged or have declined, because some portion of Fidelity's costs are attributable to services provided to all Fidelity funds, and all funds benefit if those costs can be allocated among more assets. The Board concluded that, given the group fee structure, fund shareholders will benefit from lower management fees as group assets increase at the fund complex level, regardless of whether Fidelity achieves any such economies of scale.

The Board concluded, taking into account the analysis of the Economies of Scale Committee, that economies of scale, if any, are being appropriately shared between fund shareholders and Fidelity.

Additional Information Requested by the Board. In order to develop fully the factual basis for consideration of the Fidelity funds' advisory contracts, the Board requested and received additional information on certain topics, including: (i) fund performance trends, in particular the underperformance of certain funds, and Fidelity's long-term strategies for certain funds; (ii) Fidelity's fund profitability methodology, profitability trends for certain funds, and the impact of certain factors on fund profitability results, including the impact of market trends on actively managed funds; (iii) the use of performance fees and the calculation of performance adjustments, including the impact of underperformance and fund outflows on performance adjustments; (iv) metrics for evaluating index fund performance; (v) Fidelity's group fee structure, including the group fee breakpoint schedules; (vi) the terms of Fidelity's contractual and voluntary expense cap arrangements with the funds; (vii) the methodology with respect to evaluating competitive fund data and peer group classifications and fee comparisons; (viii) the expense structures for different funds and classes; (ix) Fidelity's arrangements with affiliated sub-advisers on behalf of the funds; (x) information regarding other accounts managed by Fidelity, including institutional accounts and collective investment trusts; (xi) recent changes to the fee structure for certain funds of funds; and (xii) the impact of the Department of Labor's new fiduciary rule on the funds' comparative expense information.

Based on its evaluation of all of the conclusions noted above, and after considering all factors it believed relevant, the Board concluded that the advisory fee structures are fair and reasonable, and that the fund's Advisory Contracts should be renewed.

