

Investment Approach

The objective of the Managed Income Portfolio is to preserve principal while earning interest income. The investment option is a commingled pool, not a mutual fund, managed by Fidelity Management Trust Company. While the yield will fluctuate, the Portfolio seeks to maintain a stable net asset value (NAV) of \$1 per share.

The Portfolio, an actively managed short term bond fund, is a more conservative strategy than its stable value peers. The Portfolio investments include short-term bonds and other fixed income securities such as U.S. Treasury bonds, government agency securities, corporate bonds, mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities and derivative instruments, including futures, options and swaps. Third-party wrap contracts are utilized by the Portfolio to maintain a constant NAV and to provide for the payment of participant-directed withdrawals and exchanges at book value under most circumstances. The Portfolio credits interest through wrap contracts and recognizes gains and losses over time by adjusting the interest rate credited to the Portfolio. The Portfolio is permitted to invest in investment contracts offered by insurance companies and other approved financial institutions that provide for the payment of a specified rate of interest to the Portfolio and the repayment of principal at maturity. All investments in the Portfolio must satisfy the credit quality standards of Fidelity Management Trust Company.

Performance Commentary

The Fidelity Managed Income Portfolio return of 1.29% lagged by 2.40% the EnnisKnupp GIC Index return of 3.69% for the one-year period ended December 31, 2010.

Fund Characteristics	Managed Income Portfolio										
Total Fund Assets	\$8.1 billion										
Number of Holdings	662										
7 Day Yield	1.46%										
Duration	2.56 Years										
Quality	<table> <tr> <td>AAA</td> <td>77.2%</td> </tr> <tr> <td>AA</td> <td>10.1%</td> </tr> <tr> <td>A</td> <td>8.2%</td> </tr> <tr> <td>BBB and Below</td> <td>1.8%</td> </tr> <tr> <td>Cash/Other</td> <td>2.7%</td> </tr> </table>	AAA	77.2%	AA	10.1%	A	8.2%	BBB and Below	1.8%	Cash/Other	2.7%
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Cash/Other	2.7%										
Fees	0.55% Annually										
Portfolio Manager (tenure)	Catriona Martin since November 2010										

Historical Returns

	Fidelity Managed Income Portfolio	EnnisKnupp GIC Index	Return
	Return	Return	Difference
2001	5.8%	6.2%	-0.4%
2002	5.1	5.1	0.0
2003	4.5	4.1	0.4
2004	4.0	3.9	0.1
2005	3.8	3.7	0.1
2006	4.1	4.1	0.0
2007	4.4	4.6	-0.2
2008	3.7	4.7	-0.9
2009	1.7	4.5	-2.8
2010	1.3	3.7	-2.4
Trailing 3-Year	2.2%	4.3%	-2.0
Trailing 5-Year	3.0	4.3	-1.3
Trailing 10-Year	3.8	4.5	-0.6

Assessment

The Fidelity Managed Income Portfolio has produced disappointing relative results for the one-year and all longer time periods presented. Until November 2010, the Portfolio had been directed by the same portfolio manager since the product’s inception in 1989. More than 60% of holdings are securities issued by the U.S. Treasury and U.S. Government agencies, including Freddie Mac and Fannie Mae. Wrap providers include JP Morgan, Monumental and State Street Bank. We recommend retention of the investment option and will continue to monitor its performance.