Rodger A. Lawson
President

Fidelity INVESTMENTS

September 12, 2008

The Honorable William F. Galvin
Secretary of the Commonwealth of Massachusetts
One Ashburton Place, Room 1611
Boston, MA 02108-1512

FMR LLC
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Boston, MA
02109-3605
Phone: 617-563-7002

Dear Secretary Galvin:

I am writing in response to your request that Fidelity consider repurchasing auction rate securities that we sold to our retail customers prior to February 13, 2008, the date on which many of these securities became illiquid as a result of the sudden and unanticipated failure of multiple auctions. You have asked Fidelity to take this extraordinary step as a good corporate citizen, and not as a result of any view on your part that Fidelity has done anything improper. We have given your request serious consideration, and as discussed below, we intend to make a substantial buyback of auction rate securities from Fidelity's customers.

Before describing our buyback offer to our customers, I want to place in context Fidelity's involvement with auction rate securities. As you have recognized, Fidelity's involvement with auction rate securities is very different than the role of investment banks and underwriters with whom you have settled previously, and from whom you have demanded financial penalties and other regulatory sanctions. Unlike those investment banks and underwriters, Fidelity did not act as an issuer, underwriter or sponsor of these securities. We had no conflict of interest in making auction rate securities available to our customers and we did not support the auctions or influence the rate at which they cleared. We also did not proactively advertise, market or promote the sale of auction rate securities.

Unlike those other firms, Fidelity had no economic stake in the success of the auction rate securities market and no motive to sell auction rate securities to our customers. The only compensation Fidelity received for the sale of these securities was a small sales concession, which is on average less than half of what we earn on the management fees we earn if the money were invested in one of our own money market funds.

At Fidelity, compensation of our representatives is "product agnostic"; no representative has any incentive, from a compensation perspective, to promote one product over another. Our website disclosed the risk that auctions could fail. And unlike some other firms, our account statements did not list these investments as "cash" or "cash equivalents"; rather, we listed auction rate debt securities in the "Bonds" category and auction rate preferred securities in the "Stock" category.

The events that created illiquidity in the market could not have been foreseen by Fidelity. For more than two decades, auction rate securities reliably provided liquidity to investors as well as a means to realize a higher yield. Even some regulators informed investors that those who purchase auction rate securities are typically seeking a cash-like investment that pays a higher yield than money market mutual funds or certificates of deposit. All that changed this February when the auctions that provided this liquidity suddenly began to fail. Based on regulatory settlements with numerous investment banks, it is now widely understood that the firms who issued, underwrote, and sponsored these auctions abruptly withdrew their support for these securities in February, effectively resulting in the collapse of the market and the loss of ready liquidity. Fidelity, however, had no reason to suspect that liquidity in the auction rate securities market would suddenly become unavailable.

Notwithstanding these facts, Fidelity has taken your request with the utmost seriousness. Fidelity has a long history of going above and beyond to serve our customers.. While a relatively small number of our retail customers own auction rate securities, we understand that these unique events were unforeseen by them, just as they were not foreseeable by Fidelity. Accordingly, even though no regulator has found any wrongdoing on Fidelity's part, we intend to make an offer to repurchase at par auction rate securities held by all customers who purchased through Fidelity prior to February 13, 2008, with the exception of those auction rate securities where auctions are clearing. We will hold this offer open for 90 days, and will buy back the securities within 30 days from the date any customer accepts the offer.

I want to emphasize again the extraordinary nature of our offer and the circumstances that have led to it. All investments involve some degree of risk, and financial services companies cannot be asked to absorb that risk based upon twenty-twenty hindsight. We are only taking these steps because of the unique situation in which a limited number of investors find themselves due to unprecedented events.

Sincerely yours,

Rodger Lawson

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