
Fidelity Special Values PLC

Half-Yearly Report

For the 6 months ended 29 February 2008



Managed by



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The Investment Objective

The investment objective of the Company is to achieve long term capital growth from an actively managed portfolio of special situation investments, consisting primarily of securities listed or traded on the London Stock Exchange.

Returns (%)

	6 months to 29 February 2008	From launch 17 November 1994
Capital Returns		
Net Asset Value ("NAV") per share	-9.9	+496.5
Share price	-13.5	+439.2
FTSE All-Share Index	-7.6	+93.1
Total Returns¹		
NAV per share total return	-8.8	+560.8
Share price total return	-12.4	+503.8
FTSE All-Share Index total return	-6.5	+188.3

1 Total return includes reinvested income

Standardised performance (on a total return basis) (%)

	01/03/03 to 29/02/04	01/03/04 to 28/02/05	01/03/05 to 28/02/06	01/03/06 to 28/02/07	01/03/07 to 29/02/08
NAV per share	+62.9	+19.5	+31.3	+11.5	-2.8
Share price	+74.8	+17.2	+24.3	+8.4	-7.5
FTSE All-Share Index	+31.9	+15.0	+22.3	+11.6	-2.7

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Summary of Results

	29 February 2008	31 August 2007	% change
Assets			
Total assets employed ¹	£361.93m	£416.59m	-13.1
Shareholders' funds	£326.93m	£376.59m	-13.2
Borrowings as % of shareholders' funds	10.7%	10.6%	
Borrowings less cash as % of shareholders' funds ²	6.6%	2.8%	
NAV per share	568.00p	630.75p	-9.9
Number of shares in issue	57,557,003	59,704,660	

Stockmarket Data

FTSE All-Share Index		3,013.02	3,260.48	-7.6
Share price	period end	512.00p	592.00p	-13.5
	high	596.00p	619.50p	
	low	489.25p	506.00p	
Discount	period end	9.9%	6.1%	
	high	4.6%	2.7%	
	low	11.2%	9.2%	

Returns for the six months to end February	2008	2007
Capital (loss)/gain per ordinary share	(58.82p)	46.81p
Capital + revenue (loss)/gain per ordinary share	(56.88p)	47.23p

1 Total assets less liabilities, excluding fixed term loan liabilities

2 Includes cash held and investment in cash funds; excludes amounts held at futures clearing houses and brokers

Past performance is not a guide to future returns

**HALF-YEARLY RETURNS:
NAV -9.9% TO 568P PER SHARE;
SHARE PRICE -13.5% TO 512P;
BENCHMARK -7.6%**

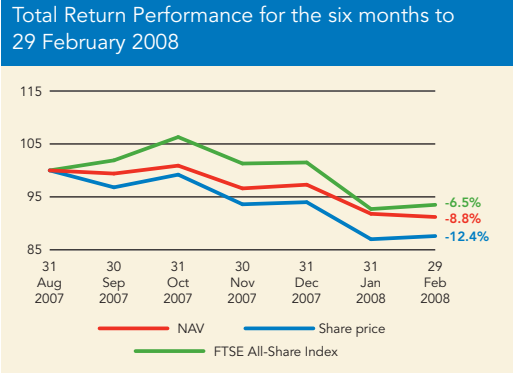
In the six months to 29 February 2008 the Company's net asset value has declined by 9.9% to 568p per share. The major reason behind the decline has been the weak UK stock market as a consequence of both the international and our own UK banking crises. On the back of that and of a widening of the discount (from 6.1% to 9.9%), the share price fell by even more, -13.5% to 512p.

The table on page 1 shows the total returns, which include the effect of dividends received and paid.

STOCK MARKET & PORTFOLIO REVIEW:

The first half of the financial year has been one of the more turbulent of the last few years. The problems in the US banking industry, initially set off by bad loans to the residential property market, intensified and led to a general credit crisis with a collapse of confidence in the US banking system. It looks as though it has now led to a slowdown in the US economy, which may in turn affect the global economy. The international credit crisis is not unique to the US and similar credit problems have arisen in the UK and in its banking industry. A banking crisis always has a severe effect on stock markets and so it has proved over the last six months.

While Central Banks have moved to reduce interest rates and increase banking liquidity, the markets have not yet recovered. They are unlikely to do so until the issue of bad loans and investments made by the banking industries in the US and Europe is sorted out; it could take some time. At the same



Sources: Fidelity and Datastream
Past performance is not a guide to future returns

Analysis of NAV movement

	Pence	%
NAV as at 31 August 2007	630.75	
Impact of: Index	-41.30	-6.55
Stock Selection	-11.22	-1.78
Share Repurchases	1.47	0.23
Gearing	-6.95	-1.10
Other costs	-3.55	-0.56
Cash/Residual	-1.20	-0.19
NAV as at 29 February 2008	568.00	

time, inflation has not moderated, with commodity and food prices still rising strongly. This is providing a dilemma for Central Banks, which are torn between helping economies and fighting inflation. Although the Bank of England cut rates three times, by a quarter percent each in December, February and April, to 5%, it remains concerned about both of the risks.

With the increasing uncertainty in the markets there has been a general 'flight to safety' and the shares of large companies have started to outperform others for the first time in many years. However there

were also very divergent returns from the different sectors in the UK stock market. Those from resources stocks were the best, driven by higher commodity prices and by an increase in merger and acquisition activity in the mining sector, with BHP Billiton bidding for Rio Tinto and approaches being made to Xstrata. Not surprisingly in the circumstances, the returns from bank stocks were the worst.

The value of the Company's portfolio benefited particularly from its holdings in the oil and gas industry and it had a relatively small exposure to the banking sector, thus avoiding some of the severe declines in that sector's share prices. However with little invested in the mining sector the portfolio did not benefit from the activity in it. Media stocks, a significant part of the Company's portfolio, have exposure to advertising and suffered as the economy started to slow.

The Company's portfolio has been positioned more defensively over the last year, with a greater percentage invested in large companies; focusing on those with strong balance sheets and with an international business exposure.

During the six month period the Company continued to hold a good deal of cash, which offset the effect on the net asset value of our borrowings. While it is the long term policy to have borrowings of between 15% and 20% of shareholders' funds in normal times, our – that is the Board's and the Manager's – view of the market remains one of caution. Whilst we still have £35 million of borrowings, our borrowings net of cash and cash equivalents position at the end of the period amounted to £21.5million (6.6%).

APPOINTMENT OF DIRECTOR

On the 1 January 2008 Ben Thomson, Chairman of Noble & Co., was appointed a Director of the Company.

CHANGE OF PORTFOLIO MANAGER

As shareholders will be aware, on 1 January 2008, after many years of producing excellent returns for shareholders, Anthony Bolton formally stepped down as the Company's portfolio manager and handed the responsibility to Sanjeev Shah. Sanjeev has been with Fidelity since 1996 and has been managing funds since 2002. He spent the last four months of 2007 working very closely with Anthony and meeting the management of the majority of companies in which the portfolio is invested. Given the broad similarities in Anthony and Sanjeev's style and approach, there has been no significant change in the composition of the portfolio and the transition has been successfully completed.

VAT ON MANAGEMENT FEES

The European Court of Justice has found in favour of the claim by JPMorgan Claverhouse PLC that HM Revenue and Customs had been wrong in requiring investment trusts to pay VAT on their management fees. Although the Company will be able to recover some of the VAT paid over the past years, no account has been taken of any repayment of VAT in the accompanying financial statements as there is still uncertainty regarding the amount which will be recovered. The Company is no longer paying VAT on its management fees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board believes that the principal risks and uncertainties faced by the Company continue to fall into two broad categories. The first, external risks, being stock market, share price and discount and the second, internal risks, being portfolio and governance, operational, financial, compliance, administration etc. Information on each of these is given in the Business Review section of the Annual Report for the year ended 31 August 2007.

NEW ARTICLES OF ASSOCIATION

Finally, the Board has decided to convene an Extraordinary General Meeting for 10 July 2008 (the formal notice for which appears on page 19) at which a special resolution will be proposed to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Current Articles") primarily to take account of changes in English company law brought about by the Companies Act 2006. The Company is also proposing changes to its Current Articles to incorporate dispute resolution provisions, all as detailed in the Appendix that follows the Notice.

The principal changes introduced in the New Articles are summarised in the Appendix. Other changes, which are of a minor, technical or clarifying nature, merely reflect changes made by the Companies Act 2006 have not been noted in the Appendix. The New Articles showing all the changes to the Current Articles are available for inspection, as described in note 9 to the Notice.

By order of the Board
Fidelity Investments International
17 April 2008

Responsibility Statement

The Directors confirm to the best of their knowledge that:

- a) the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with the UK Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- b) the half-yearly report narrative on pages 3, 4 and 5 (constituting the interim management report) includes a fair review of the information required by Rule 4.2.7R of the FSA's Disclosure and Transparency Rules and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- c) in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related parties transactions during the six months to 29 February 2008 and therefore nothing to report on any material effect by such a transaction on the financial position or the performance of the Company during that period; and there have been no changes in this position since the last annual report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.

The half-yearly financial report has not been audited or reviewed by the Company's auditors.

The half-yearly financial report was approved by the Board on 17 April 2008 and the above responsibility statement was signed on its behalf by Alex Hammond-Chambers, Chairman.

Top 20 Holdings as at 29 February 2008

Holding	Market Value £'000	% ¹
Reed Elsevier International publishing company	16,902	4.7
GlaxoSmithKline Pharmaceutical company	16,125	4.5
HSBC Banking and financial services organisation	14,212	3.9
Vodafone Mobile telecommunications company	13,019	3.6
BG Oil and gas company	11,571	3.2
Alliance & Leicester Financial services company	11,522	3.2
Statoil Norwegian oil and gas company	11,390	3.1
Royal Dutch Shell 'A' Petroleum company	10,641	2.9
Provident Financial International personal finance and insurance company	10,350	2.9
Compass International food service provider	10,131	2.8
BSkyB Broadcasting company	9,812	2.7
Smith & Nephew Develops and markets advanced medical devices	9,186	2.5
Pearson Global publishing company	8,256	2.3
Premier Farnell Electronic components and equipment distributing company	8,176	2.3
HBOS Diversified financial services group	7,732	2.1
British Land Property company	6,394	1.8
Tesco Food retailer	5,952	1.6
MW Tops Guernsey based closed-end investment company	5,882	1.6
Bayer German pharmaceutical and chemical company	5,659	1.6
Gcap Media Radio stations operator	5,265	1.5
Top 20 holdings	198,177	54.8

1 % total assets less liabilities, excluding loan liabilities

Income Statement

		for the six months ended 29.02.08		
		unaudited		
	Notes	revenue £'000	capital £'000	total £'000
(Losses)/gains on investments		–	(34,406)	(34,406)
Income	2	4,322	–	4,322
Investment management fee		(1,848)	–	(1,848)
Other expenses		(270)	–	(270)
Exchange (losses)/gains		(4)	(44)	(48)
NET RETURN/(LOSS) BEFORE FINANCE COSTS AND TAXATION		2,200	(34,450)	(32,250)
Interest payable		(1,064)	–	(1,064)
NET RETURN/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,136	(34,450)	(33,314)
Taxation on return on ordinary activities	3	(2)	–	(2)
NET RETURN/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD		1,134	(34,450)	(33,316)
RETURN/(LOSS) PER ORDINARY SHARE	4	1.94p	(58.82p)	(56.88p)

A Statement of Total Recognised Gains and Losses has not been prepared as there are no gains and losses other than those reported in this Income Statement.

The total column of the Income Statement is the profit and loss account of the Company.

These financial statements have been prepared in accordance with the AIC Statement of Recommended Practice ("SORP") issued in January 2003 and revised in December 2005.

for the year ended 31.08.07			for the six months ended 28.02.07		
audited			unaudited		
revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
–	49,999	49,999	–	30,412	30,412
11,763	–	11,763	3,852	–	3,852
(4,577)	–	(4,577)	(2,276)	–	(2,276)
(461)	–	(461)	(227)	–	(227)
3	–	3	1	(1)	–
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
6,728	49,999	56,727	1,350	30,411	31,761
(2,165)	–	(2,165)	(1,074)	–	(1,074)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
4,563	49,999	54,562	276	30,411	30,687
(188)	–	(188)	(1)	–	(1)
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4,375	49,999	54,374	275	30,411	30,686
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
6.91p	78.94p	85.85p	0.42p	46.81p	47.23p
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Reconciliation of Movements in Shareholders' Funds

	called up share capital £'000	share premium account £'000	capital redemption reserve £'000
Opening shareholders' funds: 1 September 2006	16,339	95,058	404
Net recognised gains/(losses) for the period	–	–	–
Repurchase of ordinary shares	(284)	–	284
Revenue after taxation	–	–	–
Dividend paid	–	–	–
	<hr/>	<hr/>	<hr/>
Shareholders' funds: 28 February 2007	16,055	95,058	688
	<hr/>	<hr/>	<hr/>
Opening shareholders' funds: 1 September 2006	16,339	95,058	404
Net recognised gains/(losses) for the year	–	–	–
Repurchase of ordinary shares	(1,413)	–	1,413
Revenue after taxation	–	–	–
Dividend paid	–	–	–
	<hr/>	<hr/>	<hr/>
Closing shareholders' funds: 31 August 2007	14,926	95,058	1,817
Net recognised gains/(losses) for the period	–	–	–
Repurchase of ordinary shares	(537)	–	537
Revenue after taxation	–	–	–
Dividend paid	–	–	–
	<hr/>	<hr/>	<hr/>
Closing shareholders' funds: 29 February 2008	14,389	95,058	2,354
	<hr/>	<hr/>	<hr/>

non-distributable reserve £'000	other reserve realised £'000	capital reserve unrealised £'000	capital reserve unrealised £'000	revenue reserve £'000	total equity £'000
5,152	193,393	44,001	3,576	357,923	
-	36,221	(5,810)	-	30,411	
-	(6,286)	-	-	(6,286)	
-	-	-	275	275	
-	-	-	(2,437)	(2,437)	
<u>5,152</u>	<u>223,328</u>	<u>38,191</u>	<u>1,414</u>	<u>379,886</u>	
5,152	193,393	44,001	3,576	357,923	
-	72,267	(22,268)	-	49,999	
-	(33,270)	-	-	(33,270)	
-	-	-	4,375	4,375	
-	-	-	(2,437)	(2,437)	
<u>5,152</u>	<u>232,390</u>	<u>21,733</u>	<u>5,514</u>	<u>376,590</u>	
-	25,718	(60,168)	-	(34,450)	
-	(11,923)	-	-	(11,923)	
-	-	-	1,134	1,134	
-	-	-	(4,426)	(4,426)	
<u>5,152</u>	<u>246,185</u>	<u>(38,435)</u>	<u>2,222</u>	<u>326,925</u>	

Balance Sheet

	Notes	29.02.08 unaudited £'000	31.08.07 audited £'000	28.02.07 unaudited £'000
FIXED ASSETS				
Investments at fair value through profit or loss		347,533	383,826	388,446
CURRENT ASSETS				
Debtors		7,292	4,303	3,136
Amounts held at futures clearing houses and brokers		1,549	2,018	–
Fidelity Institutional Cash Fund plc		9,578	10,342	–
Cash at bank		3,883	19,269	33,407
		<u>22,302</u>	<u>35,932</u>	<u>36,543</u>
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR				
Fixed rate unsecured loan	8	–	(5,000)	(5,000)
Other creditors		(7,910)	(3,168)	(5,103)
		<u>(7,910)</u>	<u>(8,168)</u>	<u>(10,103)</u>
NET CURRENT ASSETS		<u>14,392</u>	<u>27,764</u>	<u>26,440</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>361,925</u>	<u>411,590</u>	<u>414,886</u>
CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Fixed rate unsecured loans	8	(35,000)	(35,000)	(35,000)
TOTAL NET ASSETS		<u>326,925</u>	<u>376,590</u>	<u>379,886</u>
CAPITAL AND RESERVES				
Called up share capital		14,389	14,926	16,055
Share premium account		95,058	95,058	95,058
Capital redemption reserve		2,354	1,817	688
Other non-distributable reserve		5,152	5,152	5,152
Capital reserve - realised		246,185	232,390	223,328
Capital reserve - unrealised		(38,435)	21,733	38,191
Revenue reserve		2,222	5,514	1,414
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>326,925</u>	<u>376,590</u>	<u>379,886</u>
NET ASSET VALUE PER ORDINARY SHARE	5	<u>568.00p</u>	<u>630.75p</u>	<u>591.53p</u>

Cash Flow Statement

	29.02.08 unaudited £'000	31.08.07 audited £'000	28.02.07 unaudited £'000
OPERATING ACTIVITIES			
Investment income received	1,832	5,355	1,480
Deposit interest received	571	1,630	852
Investment management fee paid	(2,033)	(4,594)	(2,251)
Directors' fees paid	(47)	(88)	(45)
Other cash payments	(500)	(321)	(217)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(177)	1,982	(181)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid	(1,099)	(2,165)	(1,091)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(1,099)	(2,165)	(1,091)
TAXATION			
Overseas taxation recovered	13	71	11
TAXATION RECOVERED	13	71	11
FINANCIAL INVESTMENT			
Purchase of investments	(170,539)	(384,743)	(222,639)
Disposal of investments	177,008	428,928	242,605
NET CASH INFLOW FROM FINANCIAL INVESTMENT	6,469	44,185	19,966
EQUITY DIVIDEND PAID	(4,426)	(2,437)	(2,437)
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING	780	41,636	16,268
NET CASH INFLOW/(OUTFLOW) FROM MANAGEMENT OF LIQUID RESOURCES	764	(10,342)	–
NET CASH INFLOW BEFORE FINANCING	1,544	31,294	16,268
FINANCING			
Repurchase of ordinary shares	(12,400)	(32,788)	(5,702)
4.91% fixed rate unsecured loan repaid	(5,000)	–	–
NET CASH OUTFLOW FROM FINANCING	(17,400)	(32,788)	(5,702)
(DECREASE)/INCREASE IN CASH	(15,856)	(1,494)	10,566

Notes to the Financial Statements

1 ACCOUNTING POLICIES

The half-yearly financial statements have been prepared on the basis of the accounting policies set out in the Company's annual report and financial statements dated 31 August 2007.

	29.02.08 unaudited £'000	31.08.07 audited £'000	28.02.07 unaudited £'000
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2 INCOME

Franked investment income	1,790	3,403	916
UK unfranked investment income	–	8	4
UK scrip dividends	1,808	4,922	1,991
Overseas dividends	103	1,787	58
Property income distribution	40	–	–
Deposit interest	342	1,301	883
Income from Fidelity Institutional Cash Fund plc	235	342	–
Income from Contracts for difference	4	–	–
	<u>4,322</u>	<u>11,763</u>	<u>3,852</u>
	29.02.08 unaudited £'000	31.08.07 audited £'000	28.02.07 unaudited £'000

3 TAXATION ON RETURN ON ORDINARY ACTIVITIES

Overseas taxation suffered	<u>2</u>	<u>188</u>	<u>1</u>
	29.02.08 unaudited	31.08.07 audited	28.02.07 unaudited

4 RETURN/(LOSS) PER ORDINARY SHARE

Revenue	1.94p	6.91p	0.42p
Capital	<u>(58.82p)</u>	<u>78.94p</u>	<u>46.81p</u>
Total	<u>(56.88p)</u>	<u>85.85p</u>	<u>47.23p</u>

Returns per ordinary share are based on the net revenue return on ordinary activities after taxation of £1,134,000 (31.08.07: £4,375,000; 28.02.07: £275,000), the net capital loss in the period of £34,450,000 (31.08.07: return £49,999,000; 28.02.07: return £30,411,000) and the total loss in the period of £33,316,000 (31.08.07: return £54,374,000; 28.02.07: return £30,686,000) and on 58,567,005 ordinary shares (31.08.07: 63,335,764; 28.02.07: 64,968,965), being the weighted average number of ordinary shares in issue during the period.

Notes to the Financial Statements

5 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £326,925,000 (31.08.07: £376,590,000; 28.02.07: £379,886,000) and on 57,557,003 ordinary shares (31.08.07: 59,704,660; 28.02.07: 64,221,173), being the number of ordinary shares in issue at the period end.

	29.02.08 unaudited £'000	31.08.07 audited £'000	28.02.07 unaudited £'000
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6 COSTS OF INVESTMENT TRANSACTIONS

Included in the (losses)/gains on investments are the following costs of investment transactions:

Purchases expenses	876	1,788	1,129
Sales expenses	156	464	148
	<u>1,032</u>	<u>2,252</u>	<u>1,277</u>

7 DIVIDENDS

No dividend has been declared in respect of the current period. The dividend shown in the Reconciliation of Movements in Shareholders' Funds for the six months ended 29 February 2008 relates to the year ended 31 August 2007.

8 LOAN FACILITIES

The fixed rate loan from The Royal Bank of Scotland PLC of £8,000,000 was drawn down on 16 January 2004 with a maturity date of 16 January 2009, at an interest rate of 5.655% per annum.

The fixed rate loan from Barclays Bank PLC of £7,000,000 (Tranche A) was drawn down on 25 October 2004 and a further £20,000,000 (Tranche B) was drawn down on 26 January 2005 each with a maturity date of 26 January 2010, at an interest rate of 5.435% per annum.

The fixed rate loan from The Royal Bank of Scotland PLC of £5,000,000 drawn down on 7 February 2003 at an interest rate of 4.91% per annum was repaid on 7 February 2008.

Notes to the Financial Statements

	29.02.08 unaudited	31.08.07 audited	28.02.07 unaudited
9 SHARE REPURCHASES			
Number of shares repurchased	2,147,657	5,651,393	1,134,880
Average price per share	555.16p	588.70p	553.89p
Total cost including stamp duty and commission	£11,923,000	£33,270,000	£6,286,000

10 UNAUDITED FINANCIAL STATEMENTS

The results for the six months to 29 February 2008 and 28 February 2007, which are unaudited, constitute non-statutory accounts within the meaning of s435 of the Companies Act 2006. The figures and financial information for the year ended 31 August 2007 are extracted from the latest published financial statements. These financial statements, on which the Auditors gave an unqualified report, have been delivered to the Registrar of Companies.

CONTACT INFORMATION

Private investors can call free on **0800 41 41 10**,
9am to 6pm, seven days a week.

Financial advisers can call free on **0800 41 41 81**,
8am to 6pm, on any business day.

Existing shareholders who have specific queries regarding their holding, for example a change of address, should contact the appropriate administrator.

Holders of ordinary shares

Capita Registrars, Registrars to Fidelity Special Values PLC, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
Telephone: **0871 664 0300** (calls cost 10p per minute plus network extras)
email: ssd@capitaregistrars.com
Details of individual shareholdings and other information can also be obtained from the Registrars' website:
www.capitaregistrars.com

Fidelity Share Plan investors

Fidelity Investment Trust Share Plan, Equiniti Limited*, PO Box 4605, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6QY.
Telephone: **0871 384 2781** (calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.)

* (formerly Lloyds TSB Registrars)

Fidelity ISA/PEP investors

Fidelity, using the freephone numbers given above, or by writing to: UK Customer Service, Fidelity Investments, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.
www.fidelity.co.uk/its

Fidelity ShareNetwork:

www.fidelity.co.uk/sharenetwork

General enquiries

should be made to Fidelity Investments International, the Investment Manager and Secretary, at the Company's registered office: Fidelity Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.
Telephone: **01732 36 11 44**
Fax: **01737 83 68 92**
www.fidelity.co.uk/its

FINANCIAL CALENDAR

29 February

– half-yearly period end

17 April

– announcement of half-yearly results

Beginning of May

– publication of half-yearly report

July

– Interim Management Statement
(as at 31 May 2008)

31 August

– financial year end

November

– publication of annual report

December

– Annual General Meeting

Directory

Board of Directors

Alex Hammond-Chambers (Chairman)
Sir Richard Brooke, Bt
Douglas Kinloch Anderson
Nicky McCabe
Lynn Ruddick (Chairman of the
Audit Committee)
Ben Thomson

Manager, Secretary and Registered Office

Fidelity Investments International
Beech Gate, Millfield Lane
Lower Kingswood
Tadworth, Surrey, KT20 6RP

Financial Advisers and Stockbrokers

Dresdner Kleinwort
30 Gresham Street
London, EC2P 2XY

Independent Auditors

Grant Thornton UK LLP
Chartered Accountants and
Registered Auditors
30 Finsbury Square
London, EC2P 2YU

Bankers and Custodian

JPMorgan Chase Bank
(London Branch)
125 London Wall
London, EC2Y 5AJ

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham, Kent, BR3 4TU

Lawyers

Slaughter and May
One Bunhill Row
London, EC1Y 8YY

Notice is hereby given that an Extraordinary General Meeting of Fidelity Special Values PLC will be held at 25 Cannon Street, London EC4M 5TA on 10 July 2008 at 2.30 pm for the purpose of considering the following resolution, which will be proposed as a Special Resolution.

“That the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.”

NOTES:

1. A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies (who need not be a shareholder of the Company) to exercise all or any of his rights to attend, speak and vote at the EGM).
2. A form of proxy is enclosed for use by shareholders. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 12 noon on 8 July 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrars no later than 2.30pm on 8 July 2008.
6. In accordance with Section 325 of the Companies Act 2006 (“2006 Act”) the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the 2006 Act. Persons nominated to receive information rights under Section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section

Notice of Meeting

149(2) of the 2006 Act, that they may have the right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of Members of the Company at 6.30 pm on 8 July 2008 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 5.30 pm on 8 July 2008 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

8. Shareholders and any proxies or representatives they appoint agree by attending the meeting that they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.

9. A copy of the Articles of Association to be produced to the Meeting will be available for inspection at the Company's registered office from the date of this notice until the close of the Meeting.

10. No Director has a service contract with the Company. Registered Office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

By order of the Board

Fidelity Investments International
Secretary
17 April 2008

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Examples include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the Companies Act 2006. Further, the remainder of the provision is reflected in full in the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

3. Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the Companies Act 2006. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

4. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. The New Articles give the Directors discretion, when calculating the time limits, to exclude weekend and bank holidays. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

5. Age of directors on appointment

The Current Articles contain a provision limiting the age at which a director can be appointed. Such a provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

6. Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another investment trust (or other company) or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most

likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

7. Notice of board meetings

Under the Current Articles, when a director is abroad he can request that notice of directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad.

8. Records to be kept

The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

9. Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

10. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

11. Dispute resolution

The Company believes it is appropriate to provide for a dispute resolution procedure and governing law in its articles. The New Articles provide that arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce will be the primary procedure for dispute resolution in matters involving the Company. Where a court determines that the arbitration provisions cannot be used in respect of a particular dispute or in cases where a member is bringing a derivative claim under the provisions of the Companies Act 2006, the New Articles provide that the courts of England and Wales are to have exclusive jurisdiction. The governing law of the New Articles is expressed to be English law.

12. General

Generally the opportunity has been taken to bring clearer language into the New Articles.

The Fidelity Individual Savings Account (“ISA”) is offered and managed by Financial Administration Services Limited. The Fidelity Investment Trust Share Plan is managed by Fidelity Investments International. Both companies are authorised and regulated by the Financial Services Authority. The Fidelity Investment Trust Share Plan is administered by Equiniti Limited (formerly Lloyds TSB Registrars) and shares will be held in the name of Lloyds TSB Registrars Savings Nominees Limited. The value of savings and eligibility to invest in an ISA will depend on individual circumstances and all tax rules may change in the future. Fidelity investment trusts are managed by Fidelity Investments International. Fidelity only gives information about its own products and services and does not provide investment advice based on individual circumstances. Should you wish to seek advice, please contact a Financial Adviser. Issued by Fidelity Investments International, authorised and regulated by the Financial Services Authority.

For the purposes of Sections 21 and 25 of the Financial Services and Markets Act 2000, the content of this report has been approved by Fidelity Investments International. Issued by Fidelity Investments International.

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For funds that invest in overseas markets, changes in currency exchange rates may affect the value of your investment. Investing in small and emerging markets can be more volatile than other more developed markets.

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