

**Investment Approach**

The objective of the Fidelity Freedom K Fund Series is to achieve high total return until the fund’s target retirement date, after which the objective is to primarily attain high current income and as a secondary objective to provide capital appreciation. Each Freedom K Fund invests in a combination of underlying Fidelity equity, fixed income, and short term funds using a moderate asset allocation strategy designed for investors who expect to retire around the year stated in the fund’s name. The asset allocation strategy gradually becomes increasingly conservative until approximately 10 to 15 years after the target year when the fund reaches approximately 15% in domestic equity funds, 5% in international equity funds, 35% in investment-grade fixed-income funds, 5% in high yield fixed-income funds and 40% in short-term funds. Ultimately, the fund is merged into the Freedom K Income Fund which is designed for those already in retirement.

**Performance Commentary**

All of the Freedom K funds in the lifecycle series outperformed their composite benchmarks for the one-year period ended December 31, 2010.

**Fund Characteristics**

	Freedom K										
	Income	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
<b>Fund Assets</b>	\$0.5 billion	\$0.2 billion	\$2.2 billion	\$2.5 billion	\$5.2 billion	\$2.7 billion	\$3.8 billion	\$1.8 billion	\$2.3 billion	\$0.7 billion	\$0.5 billion
<b>Current Asset Allocation</b>											
Equity	20.6%	44.1%	51.7%	53.0%	61.7%	70.8%	75.1%	83.3%	84.1%	85.8%	89.7%
Fixed Income	40.1	34.5	37.8	37.6	34.4	29.0	24.8	16.6	15.8	14.1	10.2
Short-Term	39.3	21.4	10.5	9.4	3.9	0.2	0.1	0.1	0.1	0.1	0.1
<b>Top Equity Funds</b>											
Series All-Sector Equity	3.0%	6.0%	7.0%	7.2%	8.4%	9.7%	10.2%	11.4%	11.4%	11.7%	12.2%
Series Large Cap Value	2.8	5.6	6.5	6.7	7.8	9.0	9.5	10.6	10.7	10.9	11.4
Disciplined Equity	2.5	4.9	5.8	6.0	6.9	8.0	8.4	9.4	9.4	9.6	10.0
Growth Company	2.2	4.3	5.0	5.1	6.0	6.9	7.2	8.1	8.2	8.3	8.7
Series 100 Index	1.7	3.4	3.9	4.1	4.7	5.4	5.7	6.4	6.4	6.6	6.8
Blue Chip Growth	0.9	1.8	2.1	2.2	2.5	2.9	3.1	3.4	3.4	3.5	3.6
Series Small Cap Opportunities	0.5	1.0	1.1	1.1	1.3	1.5	1.6	1.8	1.8	1.8	1.9
Small Cap Growth	0.3	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.1	1.1	1.2
Small Cap Value	0.3	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.1	1.1	1.2
Series Commodity Strategy	0.0	4.7	5.3	5.4	6.2	7.0	7.5	8.2	8.3	8.6	9.0
Series International Growth	1.4	2.9	3.4	3.5	4.1	4.6	5.0	5.4	5.5	5.7	5.8
Series International Value	1.3	2.8	3.3	3.4	4.0	4.5	4.9	5.3	5.4	5.6	5.8
Series International Small Cap Overseas	0.3	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.1	1.1	1.2
Overseas	0.8	1.7	2.1	2.1	2.5	2.9	3.1	3.5	3.5	3.4	3.8
Series Emerging Markets	0.8	1.8	2.1	2.1	2.5	2.8	3.0	3.3	3.3	3.4	3.6
Diversified International	0.8	1.7	2.1	2.1	2.4	2.9	3.0	3.5	3.5	3.3	3.7
<b>Top Bond Funds</b>											
Series Investment Grade Bond	19.7%	16.8%	19.3%	19.9%	17.9%	15.0%	13.9%	7.8%	6.4%	3.9%	0.4%
Strategic Real Return	4.9	4.2	4.8	4.7	4.0	3.4	3.0	1.7	1.3	0.8	0.1
High Income	2.6	2.5	2.5	2.5	3.3	3.6	3.6	3.5	4.0	4.7	5.3
Capital & Income	2.6	2.5	2.5	2.5	3.3	3.6	3.6	3.6	4.0	4.7	5.3
Series Inflation-Protected Bond	10.4	8.5	8.8	8.0	5.9	3.4	0.7	0.0	0.0	0.0	0.0
Short-Term Bond	19.3	10.1	4.9	4.4	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Institutional Money Market	19.9	11.2	5.4	4.9	2.1	0.1	0.0	0.0	0.0	0.0	0.0
<b>Expense Ratio</b>	0.42%	0.52%	0.53%	0.54%	0.57%	0.59%	0.61%	0.61%	0.62%	0.62%	0.63%

**Return Summary**  
**Ending December, 2010**

	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
<b>Fidelity Freedom K Income</b>	7.6%	3.2%	4.1%	3.8%
<i>Custom Benchmark</i>	6.2	2.7	4.2	4.0
<b>Fidelity Freedom K 2005</b>	10.6	1.0	3.9	N/A
<i>Custom Benchmark</i>	9.5	1.2	4.1	N/A
<b>Fidelity Freedom K 2010</b>	11.7	1.4	4.1	3.8
<i>Custom Benchmark</i>	10.7	1.6	4.4	4.3
<b>Fidelity Freedom K 2015</b>	12.0	0.8	4.1	N/A
<i>Custom Benchmark</i>	10.9	1.1	4.4	N/A
<b>Fidelity Freedom K 2020</b>	13.0	-0.4	3.7	3.3
<i>Custom Benchmark</i>	12.1	0.1	4.0	3.9
<b>Fidelity Freedom K 2025</b>	13.9	-0.6	3.6	N/A
<i>Custom Benchmark</i>	13.1	0.1	4.2	N/A
<b>Fidelity Freedom K 2030</b>	14.2	-2.0	3.0	2.7
<i>Custom Benchmark</i>	13.4	-1.2	3.5	3.5
<b>Fidelity Freedom K 2035</b>	14.7	-2.2	2.9	N/A
<i>Custom Benchmark</i>	14.1	-1.1	3.6	N/A
<b>Fidelity Freedom K 2040</b>	14.9	-2.6	2.8	2.4
<i>Custom Benchmark</i>	14.2	-1.4	3.5	3.3
<b>Fidelity Freedom K 2045</b>	14.8	-2.7	N/A	N/A
<i>Custom Benchmark</i>	14.3	-1.5	N/A	N/A
<b>Fidelity Freedom K 2050</b>	15.1	-3.3	N/A	N/A
<i>Custom Benchmark</i>	14.5	-1.9	N/A	N/A

**Assessment**

The Fidelity Freedom K Fund Series is designed to align the fund's investment return objective with the retirement goals of participants who will retire around the fund's target date. Investment decisions are made in the context of the overall strategy, utilizing multiple analytical frameworks as a part of the management of the portfolio. Risk management practices are incorporated to assist in achieving each fund's objective. All funds in the series outperformed versus the respective custom, composite benchmarks for the one-year time period; however, the funds have consistently underperformed in all longer time periods. We recommend retention of this series.