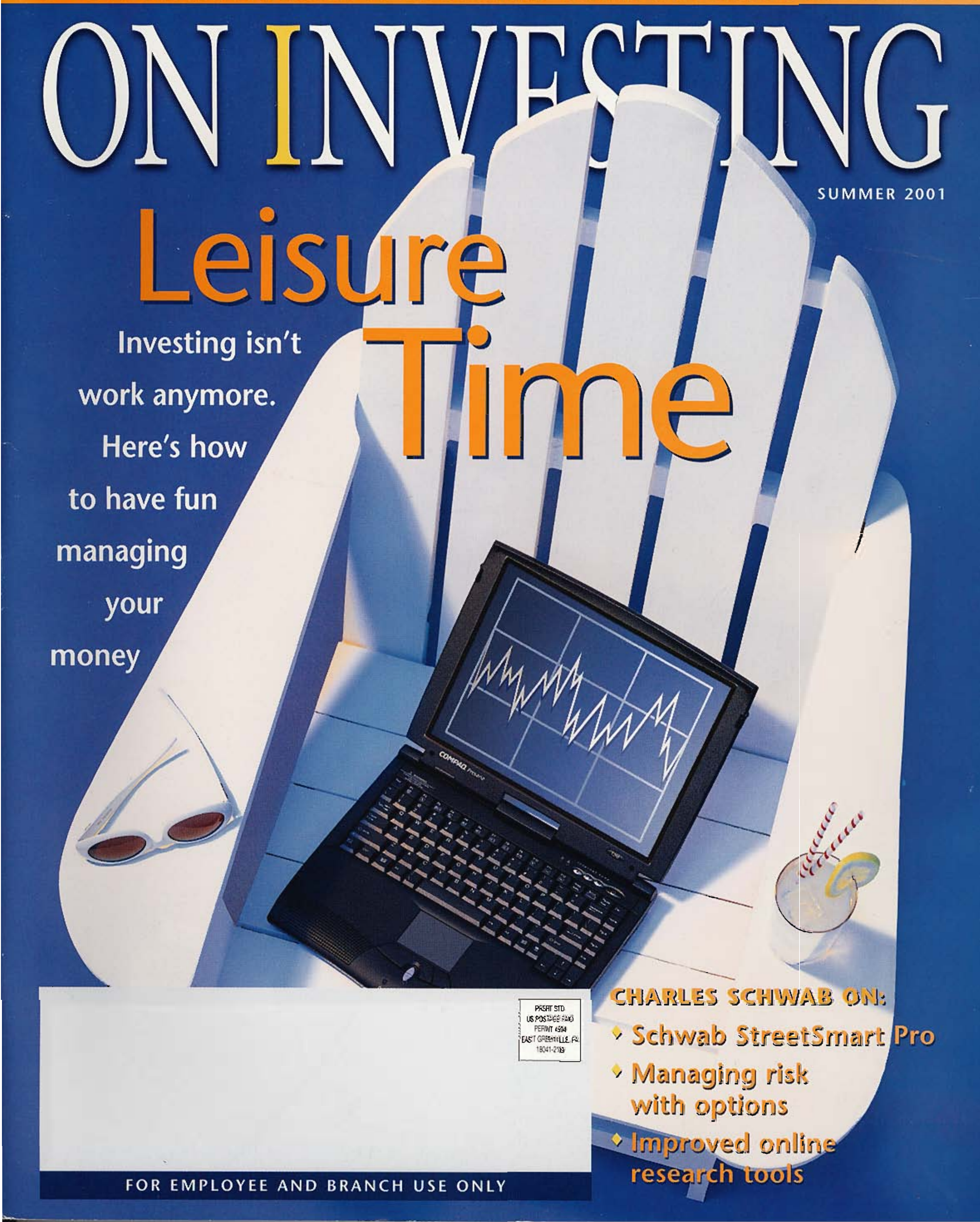
ACTIVE TRADER EDITION

A BLOOMBERG MAGAZINE FOR SCHWAB SIGNATURE SERVICES CLIENTS

ON INVESTING

SUMMER 2001



Leisure Time

Investing isn't work anymore. Here's how to have fun managing your money

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CHARLES SCHWAB ON:

- Schwab StreetSmart Pro
- Managing risk with options
- Improved online research tools

Sophisticated Solutions

Address complex portfolio problems with Schwab's comprehensive wealth-management tools

Picture this: You're an executive at a *Fortune* 500 company. Over the past several years, the company's value has tripled, and your stock options are paying off. Now your nest egg is heftier than you ever dreamed it could be, but your headaches are bigger too. For one thing, your holdings are too heavily weighted in your company's stock, and you need help diversifying to manage your risk. But there's more: You also want to reduce your tax burden, protect your estate, and expand your charitable giving.

The truth is, substantial wealth brings with it a host of responsibilities. To meet these needs Schwab offers personalized advice through experienced investment specialists who understand the particular concerns of people with complex portfolios. Our specialists are specifically trained to help you create a personalized, long-term investment plan that matches your individual goals.

In addition, Schwab offers an extensive array of specialized tools and services designed to help you preserve and manage your estate. So whether your goal is to diversify a concentrated-equity position or develop a long-term strategy, we have the resources to help you meet your needs. In the accompanying table on the following three pages you will find a variety of potential solutions for:

- diversifying concentrated equity,
- reducing your tax burden,
- managing your wealth,
- estate planning,
- investing in foreign stock, and
- developing a plan for charitable giving.

Of course, this table is just an introduction to all we offer. For more detailed information on these tools and others, contact the resources provided or visit the Signature Services Center at schwab.com/signature. Or, to meet with an investment specialist, call 800-435-8804. Now turn the page for a look at our specialized services.

Wealth-Management Solutions

The first step to managing a complex portfolio is assessing your individual needs. For assistance reviewing your portfolio and developing a personalized plan, schedule an in-branch consultation with a Schwab investment specialist by calling 800-435-8804.

Following are additional resources for Schwab's specialized portfolio services:

Schwab AdvisorSource®: 800-535-1103
Schwab Estate Planning Hotline: 800-742-6262
Schwab Fund for Charitable Giving™: 800-746-6216
Schwab Futures Trading: 800-220-6979
Schwab Global Investing Service: 800-992-4685
Schwab IPO Service Desk: 888-476-3337
Schwab Options Service: 800-450-0669
Schwab Priority Bond Service: 800-643-4933
Schwab Restricted Stock Service®: 800-239-2506

ON YOUR PORTFOLIO

DESCRIPTION	FEATURES	KEY QUALIFICATIONS
Objective: **COMPREHENSIVE PLANNING**		
INVESTMENT CONSULTATION *Contact your Signature Services team or call 800-435-8804 to schedule an in-branch appointment.*		
Objective advice and assistance in reviewing your personal financial goals and current investing strategy.	• Assessment of your individual financial needs • Help creating a personalized plan • Personal IRA Rollover Assistant	• Open to any client
SCHWAB ADVISORSOURCE *Contact your Signature Services team or call 800-435-8804.*		
A service that helps you find a qualified, third-party investment advisor for ongoing financial planning.	• Customized referrals to qualified investment advisors including U.S. Trust • Ideal for clients with large, complex portfolios	• Typically for clients with at least $100,000 in investable assets
ESTATE PLANNING *Call our hotline at 800-742-6262 or visit www.schwab.com/estateplanning.*		
Resources to help you reduce estate taxes and probate costs, plan for incapacity, and distribute your estate according to your wishes.	• Estate Tax Calculator helps estimate the estate taxes you might incur • Custody and retitling services • Referrals for corporate trustee services[1]	• Open to any client
SCHWAB FUND FOR CHARITABLE GIVING *Call the Donor Services Hotline at 800-746-6216.*		
An IRS-approved charitable gift fund that lets you support the causes you choose while providing immediate tax benefits.	• Low-cost, tax-efficient way to give • Benefits of a private foundation without the complexities	• Open to any client

Objective: **INVEST FOR INCOME AND GROWTH**		
PRIORITY BOND SERVICES *Call Priority Bond Services at 800-643-4933.*		
Regional bond specialists help you create a customized bond portfolio based on cash-flow requirements, time horizon, risk tolerance, and other criteria.	• Provides portfolio diversification and stability • Provides cash flow • May reduce portfolio risk	• Open to Signature Services clients
PRINCIPAL-PROTECTED SECURITIES *Call Priority Bond Services at 800-643-4933.*		
Debt obligations that protect the principal amount invested, while participating in the equity markets. (Examples: TIERS, MITTS, ILIDS, Equity-Linked CDs)	• Protects the principal investment if held to maturity • Linked to an index, sector, or single stock • Capital appreciation may be capped or averaged	• Open to any client
OTC COVERED CALLS *Call your Signature Services team or 800-435-8804.*[2]		
An option contract that generates income in exchange for selling the right to purchase all or part of the concentrated stock position.	• Partially hedge a concentrated equity position • Flexibility of cash or physical settlement • May be written against restricted stock • Can be customized to a single transaction or a series	• $2 million or more in a single stock • Minimum value of $10 per share[3]
EQUITY-ENHANCED SECURITIES *Call Priority Bond Services at 800-643-4933.*		
Exchange-traded debt obligations that participate in the equity markets and provide regular fixed interest payments. (Examples: TARGETS, PERQS, YEELDS, GOALS, ELKS)	• Fixed periodic payment • Linked to an index or stock • Not principal protected • Exchange traded with a symbol	• Open to any client
SCHWAB SIGNATURE™ ANNUITY *Call the Schwab Insurance Center at 888-560-5938.*		
A flexible premium variable annuity designed for long-term investors. *(See article on page 43.)*	• Broad array of investment choices • Low fees and expenses • Manage your annuity assets online	• Open to qualified Signature Services clients

SCHWAB signature SERVICES℠

DESCRIPTION	FEATURES	KEY QUALIFICATIONS
Objective: **INVEST FOR GROWTH AND SPECULATION**		
HEDGE FUNDS *Call your Signature Services team or visit your local branch office.*		
Funds and funds of funds (both registered and non-registered) that are absolute return-oriented investments covering a broad range of investment styles.	• May have low correlation to the other markets • Investment style determined by fund manager • May take long and short positions, make concentrated investments, use derivatives, and invest in many markets • Limited liquidity	• Client net worth of $1.5 million or more • Absolute commitment for duration of fund • Comfortable with significant risk • Holding period of 5 to 12 years
PRIVATE EQUITY FUNDS *Call your Signature Services team or 800-435-8804.*		
Funds, funds of funds, or direct investments that focus on private companies.	• Venture capital funds invest in early stages of company's life; leveraged buyout funds invest in the reorganization of mature businesses • 7- to 12-year time horizon • Significant risk	• $1.5 million net worth or more • Absolute commitment for duration of fund • Minimum commitment of $25,000 or more
EXCHANGE-TRADED FUNDS *Call the Schwab Priority Bond Service at 800-643-4933.*		
Ownership in a basket of stocks or index that represents a particular industry, sector, or group. (Examples: QQQ, DIA, SPDR, HOLDRS, iShares)	• Diversification with a single investment • Low fees and expenses • Commission-based sales	• Open to any client
INITIAL PUBLIC OFFERINGS *Call the IPO Service Desk at 888-476-3337, or link to Epoch Partners from schwab.com.*		
Opportunity to buy a corporation's first public offering of stock. Available to qualified clients via Epoch Partners, a full-service investment bank.	• More demand than shares available may cause share price to dramatically increase • Speculative investment with significant risk	• Open to qualified Platinum clients • Client must complete eligibility form for each purchase
FUTURES CONTRACTS *Call your Signature Services team, or visit schwab.com and select the Trade tab, then Futures.*		
Agreements to buy or sell a specific amount of a commodity or financial instrument at a particular price on a stipulated date.	• Access to Lind-Waldock, a leading discount futures broker • Customized trading site via schwab.com • 24-hour trading of most domestic and international futures contracts[4] • Direct access to a dedicated team of experienced Lind-Waldock representatives • Ability to transfer funds between your Schwab and Lind-Waldock accounts	• Open to qualified Signature Services clients

Objective: **INVEST IN FOREIGN STOCK**		
GLOBAL INVESTING SERVICES *Call GIS at 800-444-7617, or visit the Global subtab under Quotes & Research at schwab.com/signature.*		
Schwab's team of Global Investing Specialists conduct foreign securities transactions and provide information and expertise on global markets.	• Expert handling of foreign securities trades • Online research with quotes, company data, charting, currency conversions • Specialists available Monday through Friday, 8:30 a.m. to 11:00 p.m. ET	• Open to any client

DESCRIPTION	FEATURES	KEY QUALIFICATIONS
Objective: **HEDGE A CONCENTRATED EQUITY POSITION**		
EQUITY COLLAR *Contact your Signature Services team or call 800-435-8804.*[2]		
An over-the-counter contract composed of two customized options that, when combined with a long stock position, provide a type of hedge for that position.	• Reduces the cost of acquiring downside protection, but limits the potential upside • Customized to fit individual needs • Capital gains deferred	• $2 million or more in a single stock • Minimum value of $10 per share[3]
OTC PROTECTIVE PUTS *Contact your Signature Services team or call 800-435-8804.*		
A customized option contract that protects a concentrated position by acquiring the right to sell the underlying security at a predetermined price in exchange for a premium up front.	• Can be customized to a single transaction or a series of contracts • Flexibility of cash or physical settlement • May be written against restricted stock	• $2 million or more in a single stock • Minimum value of $10 per share[3]
TAX-EFFICIENT STRATEGIES FOR CONCENTRATED EQUITY POSITIONS *Contact your Signature Services team or call 800-435-8804.*		
A strategy for liquidating concentrated equity holdings that combines portfolio diversification with superior after-tax returns versus an agreed-upon performance benchmark.	• Minimizes unintended risk exposure without affecting growth • Accommodates future changes in investment style	• $5 million or more in tradable assets • Minimum contribution of $1 million in a single security
RESTRICTED STOCK SERVICE *Call the Schwab Restricted Stock Service at 800-239-2506.*		
Restricted stock specialists help clients manage and sell restricted stock, generally acquired through private placement, compensation, or an option plan.	• Specialists help you navigate special SEC rules and conduct transactions • Experts assist in selling your stock, holding it for future sale, or transferring or gifting it to third parties	• Qualified clients who own restricted or control stock
VARIABLE PREPAID FORWARDS *Call the Schwab Futures Desk at 800-220-6979.*[2]		
Private contracts for the purchase or sale of a security at a certain price with delivery and settlement at a future specified date.	• Provides liquidity with a hedged equity position • Maximizes cash available to client • Easily customized • Capital gains deferred	• $2 million or more in a single stock • Minimum value of $10 per share[3]

[1] Corporate trustee services are provided through U.S. Trust, a Schwab affiliate, and are not available in all states. Clients who use this service typically have $1 million or more in investable assets.

[2] Your Signature Services representative will consult with a Structured Products Specialist regarding your inquiry.

[3] Secondary client qualifications: Stock market capitalization $400 million or more; average stock trading volume 25,000 shares per day; company has been public for at least six months.

[4] Access to electronic services may be limited or unavailable during periods of peak demand, market volatility, system upgrades, maintenance, or for other reasons.

Futures may involve a high level of risk and are not suitable for all investors. Every investor who uses futures should read and understand the publication "A Guide to Understanding Opportunities and Risks in Futures Trading," available at the National Futures Association's Website (www.nfa.futures.org/investor/uor.html).

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