

Schwab S&P 500 Index Portfolio

Benchmark

Russell 1000 TR USD

Overall Morningstar Rating™

★★★★

Out of 6764 Large Blend VA subaccounts. A subaccount's overall Morningstar Rating, based on its risk-adjusted return, is a weighted average of its applicable 3-, 5-, and 10-year Ratings. See disclosure for more detail.

Morningstar Return

Above Average

Morningstar Risk

Below Average

Investment Strategy

from portfolio's prospectus

The investment seeks to track the total return of the S&P 500® Index.

The fund normally invests at least 80% of assets in stocks that are included in the S&P 500® Index. It generally gives the same weight to a given stock as the index does. The fund may sell securities that are represented in the index in anticipation of their removal from the index, or buy securities that are not yet represented in the index in anticipation of their addition to the index. It may invest in derivatives, principally futures contracts, and lend its securities to minimize the gap in performance that naturally exists between any index fund and its corresponding index.

Category Description: Large Blend

Large-blend funds have portfolios that are fairly representative of the overall stock market in size, growth rates, and price. They tend to invest across the spectrum of U.S. industries and owing to their broad exposure, the funds' returns are often similar to those of the S&P 500 Index.

Operations

Expense Ratio	0.28% of fund assets
Subaccount Incp Date	11-01-96
Underlying Portfolio Incp Date	11-01-96
Date	
Advisor	Charles Schwab Investment Management Inc
Subadvisor	—

Portfolio Manager(s)

Ron Toll.
Agnes Hong, CFA.
Ferian Juwono.

Morningstar Proprietary Statistics

	3-Year	5-Year	10-Year
Morningstar Rating	★★★★	★★★★	★★★★
Out of # of Investments	6,764	5,549	2,150

Past Performance is no guarantee of future results.

The ratings presented may reflect the waiver of all or a portion of the portfolio's fees. Without such a waiver, the ratings may have been lower.

Portfolio Analysis as of 12-31-12

Composition as of 12-31-12	% Assets
U.S. Stocks	96.8
Non-U.S. Stocks	2.1
Bonds	0.0
Cash	1.0
Other	0.0

Morningstar Style Box™ as of 12-31-12	% Mkt Cap
Large Mid	50.18
Large	36.87
Medium	12.82
Small	0.13
Micro	0.00

Value Blend Growth

Top 20 Holdings as of 12-31-12	% Assets
Apple Inc	3.85
Exxon Mobil Corporation	3.03
General Electric Co	1.69
Chevron Corp	1.62
International Business Machines Corp	1.56
Microsoft Corporation	1.55
Johnson & Johnson	1.49
AT&T Inc	1.47
Google, Inc. Class A	1.45
Pfizer Inc	1.42
Procter & Gamble Co	1.42
JPMorgan Chase & Co	1.28
Wells Fargo & Co	1.28
Berkshire Hathaway Inc Class B	1.26
S+p 500 E Mini Index Futures Mar13 Xio 03-15-13	1.16
Coca-Cola Co	1.07
Philip Morris International, Inc.	1.07
Bank of America Corporation	0.96
Oracle Corporation	0.96
Merck & Co Inc	0.95
Total Number of Stock Holdings	499
Total Number of Bond Holdings	0
Annual Turnover Ratio %	4.00
Total Fund Assets (\$mil)	156.11

Morningstar Sectors as of 12-31-12	% Fund	S&P 500 %
Cyclical	30.04	31.18
Basic Materials	3.26	3.05
Consumer Cyclical	10.25	11.39
Financial Services	14.39	14.69
Real Estate	2.14	2.05
Sensitive	43.47	42.25
Communication Services	4.39	4.27
Energy	10.93	10.89
Industrials	10.90	10.81
Technology	17.25	16.28
Defensive	26.50	26.56
Consumer Defensive	11.27	10.74
Healthcare	11.86	12.38
Utilities	3.37	3.44

	Port Avg	Rel S&P 500	Rel Cat
P/E Ratio	13.26	0.93	0.94
P/B Ratio	2.02	0.99	1.01
GeoAvgCap (\$mil)	54,804.25	0.94	1.19

The portfolio's holdings are subject to change without notice. The mention of specific securities is not a recommendation or solicitation for any person to buy, sell, or hold any particular security. When you invest in a variable annuity, you do not invest directly in the portfolios. You invest in sub-accounts of the variable annuity separate account of the issuing insurance company, that, in turn, invest in the portfolios you've selected. Your account is then credited with variable accumulation units in that sub-account.

Before purchasing a variable annuity, you should carefully consider its investment options' objectives, and the risks, charges, and expenses associated with the annuity and its investment options. For this and other information about the Schwab Select Annuity, call Charles Schwab & Co. at 1-800-838-0650 for a free prospectus (in New York State, 1-800-838-0649). Please read the prospectus carefully before you invest or send money.

Notices which may be applicable to certain portfolios: High-yield bond portfolios are subject to a greater risk of loss of principal and interest including risk of default than other bond portfolios. Portfolios that invest in foreign stocks may be exposed to additional risks including currency fluctuations, political instability, foreign taxes and foreign regulation, and the potential for illiquid markets. Historically, small-cap stocks have been more volatile than stocks of larger more established companies.

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Because a variable annuity's value will fluctuate depending on the underlying investments, an investor's units, when redeemed, may be more or less than the original amount invested. Like all investments, variable annuities carry risks and may cause investors to lose money.

For each sub-account with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a sub-account's monthly performance (including the effects of any applicable sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. (Each share class is counted as a fraction of one sub-account within this scale and rated separately, which may cause slight variations in the distribution percentages.) The top 10% of the sub-accounts in an investment category receive 5 stars, 22.5% receive 4 stars, 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating is a weighted average of the sub-accounts' three-, five-, and 10-year (if applicable) Morningstar rating metrics.