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Financial Engines Reaches \$15 Billion in Managed Accounts

More Companies Making Managed Accounts the Default After New DOL Qualified Default Regulations

PALO ALTO, Calif., November 6, 2007 – Financial Engines, a leading provider of independent investment advice and managed accounts to 401(k) plans, today announced that it is now managing more than \$15 billion in 401(k) assets in managed accounts—up from \$8 billion in assets under management (AUM) at the beginning of 2007. Today, more than 200,000 401(k) participants have their accounts professionally managed by Financial Engines, and more than 20 percent of those managed account members were automatically invested in managed accounts either as new or existing participants.

Financial Engines expects managed accounts to grow even faster due to the U.S. Department of Labor granting managed accounts “qualified default” status in the recently released Qualified Default Investment Alternative (QDIA) regulations. On October 24, 2007, the Department of Labor officially named managed accounts, lifecycle funds and balanced funds as qualified defaults in 401(k) plans. Under the new regulations, companies that enroll participants in qualified defaults receive additional fiduciary protection. In addition, the regulations state that if a plan sponsor matches 401(k) contributions in company stock, they must select managed accounts as their default if they want to gain QDIA fiduciary protection for the money invested in company stock.

“With the final QDIA regulations, the DOL has come down firmly in favor of providing 401(k) participants well diversified portfolios that have the potential to grow over time,” explained Jeff Maggioncalda, president and CEO at Financial Engines. “Managed accounts are increasingly becoming the default of choice due to their unique ability to automatically personalize portfolios



for plan features and are in fact the only way to properly allocate a 401(k) portfolio in the presence of company stock or a cash balance plan.”

Of the \$15 billion in assets managed by Financial Engines, 85 percent was originally invested in portfolios that were either at an inappropriate risk level or poorly diversified before enrollment in managed accounts. Once enrolled, Financial Engines begins transitioning managed accounts participants into diversified personalized portfolios at the appropriate risk level.

In addition to receiving professional portfolio management, participants in the Financial Engines managed account program receive regular personalized communications detailing how their portfolios are doing, a personalized retirement income estimate, and have ongoing access to an investment adviser. Financial Engines is able to further tailor the management of the account to include plan features, risk preferences, retirement age and the individual’s outside accounts as well as their unique needs. The end result is a personalized service that puts participants on track for retirement success compared to a one-size-fits-all product solution.

About Financial Engines

Financial Engines is a leading provider of independent investment advice and managed accounts to 401(k) plans. Founded by Nobel Prize-winning economist, William F. Sharpe, Financial Engines serves millions of employees at many of America’s largest corporations. Patented advice technology and institutional-quality investment methodology allow Financial Engines to offer an array of advisory services to meet the needs of a wide range of investors. For more information, please visit www.financialengines.com.

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