

News Release

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SCHWAB FOCUSES ON DIVERSE NEEDS OF RETIREMENT PLAN PARTICIPANTS WITH *SCHWAB RETIREMENT SOLUTIONS*[™] AND FOUR NEW FUNDS

Full-choice approach can also help plan sponsors satisfy fiduciary requirements

SAN FRANCISCO – February 20, 2003 – Charles Schwab Corporate Services has introduced Schwab Retirement Solutions[™] to address the diverse investing needs of retirement plan participants. The program includes four new Schwab Managed Retirement Trust Funds[™], which are target retirement fund portfolios that are professionally managed on a fund level.

Schwab Retirement Solutions use multiple investment approaches based on participant preference for a Professionally Managed Solution or Employee-Managed Solutions. “Participant choice and education are at the center of our retirement plan philosophy. We believe this is the best way for plan sponsors to help meet the needs of different types of participants, from the most reluctant to the most proactive,” said Ben Brigeman, senior vice president, Charles Schwab Corporate Services.

Professionally Managed Solution

The Professionally Managed Solution is for participants who don’t have the time or the inclination to create and manage their retirement plan portfolio and instead prefer to choose investments in a portfolio that is professionally managed at a fund level. With this approach, participants select a fund based on their target retirement year (2010, 2020, 2030 or 2040). Each fund’s investment mix and asset allocation are gradually adjusted with the goal of balancing risk and return, growing more conservative over time.

“The Professionally Managed Solution can help plan sponsors satisfy ERISA fiduciary requirements by providing participants with an expanded set of diversified investment options that can help relieve participants of the need to reallocate investments as they near retirement age,” said Brigeman.

Investment options available under the Professionally Managed Solution include four new Schwab Managed Retirement Trust Funds¹. The new fund investment portfolios are sub-advised by major institutional investment managers such as PIMCO, Dodge & Cox, Goldman Sachs, Invesco, and Bank of Ireland. Unique to these funds is the oversight provided by Schwab’s internal investment committee, in consultation with Callan Associates, Inc., a leading industry consulting firm. Working in tandem, the groups will evaluate the performance of the funds, adding another level of professional oversight.

Cooley Godward, LLP, a national law firm with more than 1100 employees, recently added the new Schwab funds to its 401(k) plan. “Adding target retirement funds lets us expand investment choices to help meet the needs of our employees who may be unable or unwilling to commit the time required to make regular investment decisions,” said Thomas Z. Reicher, head of the firm's Compensation & Benefits Group and chair of its Retirement Plan Committee.

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Employee-Managed Solutions

The Employee-Managed Solutions include a traditional menu of sponsor-selected investment choices for participants who prefer to build and manage their own portfolios. Participants choosing this option are comfortable managing their investments and asset allocations.

The Employee-Managed Solutions can also include the Schwab Personal Choice Retirement Account® (PCRA), a self-directed brokerage account that provides access to investments (stocks, mutual funds, fixed income securities) outside of a plan's core investment offerings. Participants choosing this option can manage their accounts themselves or hire a professional advisor to manage their accounts.

"We believe every plan should consider these multiple investment approaches. By offering professionally managed target retirement funds, traditional core fund options and, when appropriate, a self-directed option, plan sponsors can demonstrate their commitment to helping meet the needs of plan participants," said Brigeman.

Schwab provides comprehensive retirement planning and education tools to help participants first determine which approach can fit their investment style, and then decide how to put that approach to work for them in the best way possible. "Education is a vital component of any retirement plan. Online, by phone or in person, we deliver extensive tools and customized programs to help participants make knowledgeable retirement planning decisions," said Brigeman.

About Charles Schwab Corporate Services

Charles Schwab Corporate Services provides individual investing support services through employers, including employee retirement and stock option plans, IRA rollover accounts and individual/personal accounts. Charles Schwab Corporate Services also offers retirement plan services including recordkeeping and related services through Schwab Retirement Plan Services, Inc., proprietary retirement plan recordkeeping systems, trustee and custodial services through The Charles Schwab Trust Company, and the Schwab Personal Choice Retirement Account® (PCRA) (self-directed brokerage account through Charles Schwab & Co., Inc.). Total client assets in employer-sponsored retirement plans at Schwab equaled \$88 billion at the end of 2002. Schwab Retirement Plan Services, Inc., and The Charles Schwab Trust Company are affiliates of Charles Schwab & Co., Inc., and are wholly owned subsidiaries of The Charles Schwab Corporation.

The Charles Schwab Corporation (NYSE:SCH), through Charles Schwab & Co., Inc. (Member SIPC/NYSE), U.S. Trust Corporation, CyberTrader, Inc. (Member SIPC/NASD) and its other operating subsidiaries, is one of the nation's largest financial services firms serving 8 million active accounts with \$758 billion in client assets.

¹ The Schwab Managed Retirement Trust Funds are collective trust funds. They are not mutual funds and their units are not registered with the SEC or regulatory authorities in any state or other jurisdiction. The funds are not guaranteed by The Charles Schwab Trust Company, any of its affiliates, the FDIC or any other government agency. The unit value of the funds will fluctuate and investors may lose money.

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