

News Release

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SCHWAB INTRODUCES RETIREMENT PLAN INVESTMENT ADVICE AT NO ADDITIONAL COST

Independent, objective third-party advice to include automatic rebalancing option

SAN FRANCISCO – September 8, 2003 – Charles Schwab & Co., Inc. today announced it will offer comprehensive retirement advice at no additional charge to participants in defined contribution plans. The offering will be available to participants in plans serviced by Schwab Retirement Plan Services, Inc. (SRPS).

Participants will have access to customized advice either online, by phone or in-person, including specific recommendations among the core investment fund choices available in a retirement plan. Participants will also have the option to elect automatic account rebalancing. The advice, including the rebalancing feature, will be provided by a third party, GuidedChoice™, Inc., an innovator in the development and delivery of investment advice.

“Frankly, the retirement industry has done a poor job of providing participants with the help they need to invest their 401(k) plans wisely,” said Walter W. Bettinger II, president, Charles Schwab Corporate Services. “Until now, participants have been hampered by the lack of access to objective investment advice and by prohibitive costs. By providing access to specific recommendations of a qualified third party investment advice provider at no additional cost, we believe Schwab can help 401(k) participants better meet their retirement savings goals.”

Participants that prefer a personal interaction can work directly with Schwab investment adviser representatives to access the advice. Whether they choose to receive the advice online, by phone or in-person, participants will receive consistent, objective asset allocation and investment recommendations from GuidedChoice’s GuidedSavings™ solution.

Removing barriers

“We believe this enhancement to our SRPS bundled 401(k) offering will improve participation and contribution rates while helping people take control of their retirement savings,” said Bettinger. “By offering this level of advice without charging additional fees, we’re taking a major step forward in breaking down the biggest barriers associated with effective self-directed retirement investing: cost, access, expertise and customization.”

Today, most retirement plan advice tools are only offered online, require participants to make the recommended changes themselves, and require either the sponsor or the participant to pay an extra fee. These factors have kept advice utilization very low in 401(k) plans and other types of defined contribution retirement plans.

However, an average of 70 percent of participants who have been offered the GuidedChoice solution receive advice. Companies that have implemented advice solutions from GuidedChoice as part of their defined contribution plan have seen savings rates rise 100 percent to 110 percent, and participation rates rise by at least 10 percent.

“Our approach to advice delivery is designed to help participants succeed in achieving their retirement objectives,” said Sherrie Grabot, CEO, GuidedChoice. “The philosophies of our two firms are very

SCHWAB RETIREMENT PLAN ADVICE/Page 2

complementary. Advocacy, objectivity, easy access and investment flexibility are at our core. These are the same attributes that plan sponsors demand when it comes to delivering advice to their participants. Through our experience, these are also the attributes that participants expect and deserve.”

How it works

The GuidedChoice solution is comprised of three steps:

Step One – in just a few minutes, a participant can receive objective, personalized GuidedChoice recommendations on savings rates, asset allocation and specific investments

Step Two – the participant can implement the recommendations

Step Three – the participant receives ongoing monitoring, annual rebalancing and periodic reallocation from GuidedChoice unless they choose otherwise

Participants can choose to complete one, two or all three steps online or with help from a Schwab representative in a single, seamless interaction.

Modern Portfolio Theory, the core of GuidedChoice advice, was developed by Nobel laureate Harry Markowitz, Ph.D., GuidedChoice co-founder and head of the company’s investment advice team. Modern Portfolio Theory is the foundational principle widely used in investment portfolio construction, an integral part of which is the theoretical curve known as the Efficient Frontier. A portfolio positioned along the Efficient Frontier has the potential to yield greater returns in the long run than a portfolio with a similar degree of risk that does not fall along the Efficient Frontier.

About GuidedChoice

GuidedChoice™ is an independent advisory firm that distinguishes itself, in part, by having designed a process based on the extensive, real-world experience of its employees in working with individuals, retirement plans and investment managers. GuidedChoice delivers advice through robust analytical software and sophisticated automation, offering one-click implementation that makes the whole advice process remarkably simple to use. GuidedChoice provides advice solutions to individual participants through a patented business process.

The GuidedChoice team of advisors responsible for overseeing the development of the advisory software and investment solutions is led by Harry M. Markowitz, Ph.D., the Nobel laureate for Modern Portfolio Theory. He has over forty years experience working with financial theory, developing optimization software and managing assets. Dr. Markowitz is actively involved in the day-to-day development and refinement of the analytical software that drives the GuidedChoice suite of products. GuidedChoice corporate offices are located in San Jose, CA. Additional information is available at www.GuidedChoice.com.

About Schwab

Charles Schwab & Co., Inc. facilitates the delivery of the GuidedSavings service to participants in plans serviced by SRPS. SRPS provides services with respect to retirement plans. The Charles Schwab Trust Company provides retirement plan trustee and custodial services. Charles Schwab & Co., Inc., SRPS, and The Charles Schwab Trust Company are affiliates of each other and are wholly owned subsidiaries of The Charles Schwab Corporation (NYSE:SCH). Charles Schwab Corporate Services is a business unit of The Charles Schwab Corporation.

The GuidedChoice service and its investment advice are formulated and provided by GuidedChoice Asset Management, Inc. ("GCAM"). GCAM is not affiliated with, nor is it an employee or agent of Charles Schwab & Co., Inc. ("CS&Co.") or Schwab Retirement Plan Services, Inc. ("SRPS"). The GuidedChoice service is available to participants enrolled in plans that use the recordkeeping and related services of SRPS. Availability subject to regulatory requirements. Plan sponsors must elect to make the

SCHWAB RETIREMENT PLAN ADVICE/Page 3

GuidedChoice service available. Participant access to the GuidedChoice service is facilitated through CS&Co. Schwab investment adviser representatives are employees of CS&Co and not of GCAM. CS&Co., its investment adviser representatives and SRPS do not supervise or take responsibility for monitoring the advice provided to participants by GCAM. At no additional cost means that there is no cost of the service outside of the fees paid to SRPS and CS&Co. for recordkeeping and related services, including trustee and custodial fees paid to The Charles Schwab Trust Company.

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