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CORPORATE SERVICES

News Release

Contact

Mike Peterson
Charles Schwab & Co. Inc.
Phone: 330-908-4334
mike.peterson@schwab.com

SDBA USERS SHOW RENEWED INTEREST IN EQUITIES, INCREASE TRADING ACTIVITY

Second Quarter *SDBA Indicators* Report Reflects Increased Investor Optimism

SAN FRANCISCO, October 9, 2003 — Investors saving for retirement through self-directed brokerage accounts (SDBAs) returned to the equity markets in the second quarter, based on data in Charles Schwab Corporate Services' most recent *SDBA Indicators* report.

SDBAs are brokerage accounts within 401(k) plans and other types of participant-directed defined contribution plans that provide participants access to investments outside of their plan's core fund offerings (such as stocks, mutual funds and fixed income securities). Schwab publishes the *SDBA Indicators* report to provide the industry with an in-depth look at the demographics and investing activity of plan participants who use the SDBA option.

"SDBA users appeared to be encouraged by the improving stock market during the second quarter. We saw renewed interest in individual equities, reflected by a nine percent increase in net asset flows. Overall trading activity increased as well, reaching its highest level since the first quarter of 2002," said Jim McCool, senior vice president, Charles Schwab Corporate Services.

SDBA Indicators Overall Findings for the Second Quarter 2003:

SDBA users were more bullish in the second quarter 2003 compared to the first quarter, likely driven by an upswing in the market and a more settled geopolitical scene.

- Second quarter net asset flows indicated a shift to individual equities, which represented 31% of net asset flows vs. 22% in the first quarter 2003.
- Equities comprised 26% of total SDBA assets, up from 21% in the first quarter 2003. The single largest gain was in the Information Technology sector, which comprised 30% of assets within the equity sector, up from 26% in first quarter 2003.
- Trading activity increased to 2.58 trades per account, compared to 1.91 trades in the first quarter 2003.

SDBAs Offer Diversification Options

While exhibiting renewed interest in individual equities, participants continued to use SDBAs to diversify portfolios through a broad array of investments, including mutual funds. Though 401(k) plans generally provide a selection of mutual funds, participants purchased additional mutual funds through their SDBAs.

- Participants held 40% of their total SDBA assets in mutual funds.
- Mutual funds captured 49% of net asset flows in the second quarter.

- On average, participants kept 83% of their total 401(k) plan assets in their SDBA account[1].

(more)

About the *SDBA Indicators* Report

The *SDBA Indicators* report profiles the investment behavior of approximately 65,000 401(k) plan participants investing through Schwab's self-directed brokerage account, the Schwab Personal Choice Retirement Account® (PCRA).

Schwab has been a leader in the SDBA market since 1994, when it launched the PCRA. The largest provider of SDBAs in the country[2], Schwab supports more than 6,000 retirement plans with more than 100,000 individual SDBA accounts and more than $6 billion in total assets as of June 2003.

The report includes data collected from participants in defined contribution plans who currently have account balances between $5,000 and $2 million in a Schwab PCRA account. Data is extracted monthly on all accounts that are open as of month-end and meet the balance criteria. Except as noted, all statistical information is derived from PCRA accounts across all Schwab distribution channels, which include offering PCRA as a:

- Stand-alone product offered to plan sponsors and coordinated with their retirement plan providers (Schwab currently works with over 400 retirement plan providers)
- Component of Schwab Retirement Plan Services' 401(k) offering, SchwabPlan®
- Component of Schwab trust and custody services offered to third party administrators (TPAs)

Data contained in this quarterly report is from the second quarter 2003. The next report, third quarter 2003, will be available in November. The second quarter report and all prior reports are available at www.schwab.com/sdbaindicators.

About Charles Schwab Corporate Services

Charles Schwab Corporate Services provides individual investing support services through employers, including employee retirement and stock option plans, IRA rollovers 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 through Schwab Retirement Technologies®, 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 $101 billion at the end of June 2003. 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.

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[1] Data is based on SchwabPlan® PCRA participants only (approximately 11,000 accounts). All other figures in this news release are based on Schwab's full PCRA participant population with account balances between $5,000 and $2 million in their PCRA account (approximately 65,000 accounts). All data is for informational purposes only. Schwab does not guarantee the accuracy, timeliness or completeness of the information.

[2] According to McHenry Consulting Group as reported in *PLANSPONSOR* magazine, October 2002.