

## News Release

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### **SDBA USERS INCREASE TRADING BY 10 PERCENT, EXPAND EQUITY POSITIONS**

Third Quarter *SDBA Indicators* Show Sustained Investor Optimism

**SAN FRANCISCO, December 15, 2003** — Investors saving for retirement through self-directed brokerage accounts (SDBAs) increased trading activity and invested more in equity markets in the third quarter based on data published in Charles Schwab Corporate Services' most recent *SDBA Indicators* report.

"Overall trading activity reached its highest level in nearly three years as SDBA users directed investments toward equities, continuing a trend that began in the second quarter," said Jim McCool, senior vice president, Charles Schwab Corporate Services.

SDBAs are brokerage accounts within 401(k) plans and other types of participant-directed defined contribution plans that participants can use to invest in stocks, mutual funds and fixed income securities that are not part of their plan's core fund offerings. Schwab publishes the *SDBA Indicators* report to provide an in-depth look at the demographics and investing activity of plan participants who use the SDBA option.

### ***SDBA Indicators Overall Findings for the Third Quarter 2003:***

SDBA users continued to favor equity sectors, likely driven by a continued upswing in the market.

- Equities comprised 29% of total SDBA assets, up from 26% in the second quarter. The healthcare and information technology equity sectors combined to capture 13.5% of net new assets in the third quarter.
- The percent of account holder assets in fixed income vehicles and cash and equivalents dropped to a combined 30% in the third quarter, down 5% from the second quarter.
- Trading activity increased to 2.82 trades per account, the highest trading level since the first quarter 2001.

### **SDBAs Offer Diversification Options**

While increasing their holdings 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 41% of their total SDBA assets in mutual funds.
- Mutual funds captured 50% of net asset flows in the third quarter, with international funds and small cap stock funds leading all other categories, capturing 18.4% and 17.6% of total net new assets respectively.
- On average, participants kept 85% of their total 401(k) plan assets in the SDBA account<sup>1</sup>.

(more)

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### 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<sup>®</sup> (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<sup>2</sup>, Schwab supports more than 6,000 retirement plans with more than 100,000 individual SDBA accounts and more than \$6.5 billion in total assets as of September 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<sup>®</sup>
- Component of Schwab trust and custody services offered to third party administrators (TPAs)

Data contained in this quarterly report is from third quarter 2003. The next report, fourth quarter 2003, will be available in February. The third quarter report and prior reports are available at [www.schwab.com/sdbaindicators](http://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<sup>®</sup>, trustee and custodial services through The Charles Schwab Trust Company, and the Schwab Personal Choice Retirement Account<sup>®</sup> (PCRA) (self-directed brokerage account through Charles Schwab & Co., Inc.). These entities are affiliates of each other and are wholly owned subsidiaries of The Charles Schwab Corporation. Total client assets in employer-sponsored retirement plans at Schwab equaled \$105 billion at the end of September 2003.

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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<sup>1</sup> Data is based on SchwabPlan<sup>®</sup> 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.

<sup>2</sup> According to McHenry Consulting Group as reported in *PLANSPONSOR* magazine, October 2003.