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CORPORATE SERVICES

News Release

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SDBA USERS INCREASE TRADING FOR FOURTH STRAIGHT QUARTER, STRONGLY FAVOR MUTUAL FUNDS

Latest *SDBA Indicators* Also Show Increased Interest in Exchange Traded Funds

SAN FRANCISCO, March 02, 2004 — Investors saving for retirement through self-directed brokerage accounts (SDBAs) largely ignored ongoing mutual fund scandals and increased trading activity according to data published in Charles Schwab Corporate Services' fourth quarter 2003 *SDBA Indicators* report.

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 trading activity increased for the fourth straight quarter, reaching its highest level in three years. While participants continued to invest heavily in mutual funds and equities overall, we also saw an increase in flows into exchange traded funds (ETFs). Some investors may be choosing ETFs as an alternative to mutual funds," said Jim McCool, senior vice president, Charles Schwab Corporate Services.

SDBA Indicators Overall Findings for the Fourth Quarter 2003:

SDBA users strongly favored equity-sector mutual funds and individual equities:

- Mutual funds and equities accounted for more than 95% of net asset flows for the quarter, the highest level recorded for the year.
- Equities comprised 30% of total SDBA assets, up 1% from the third quarter. Significantly, the *Equities – Other* sector captured 9.3% of net new assets, more than any other equities sector, representing increased interest in exchange traded funds (ETFs).
- Assets in fixed income vehicles and cash and equivalents dropped to 27% in the fourth quarter, down 3% from the third quarter and down 9% from one year ago.
- Trading activity increased to 2.94 trades per account, the highest trading level since the first quarter 2001.

SDBAs Offer Alternatives for Diversification

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 43% of their total SDBA assets in mutual funds, up 2% from the third quarter.
- Mutual funds captured more than 60% of net asset flows in the fourth quarter. Small cap stock funds led all other categories with 23% of total net new assets. International funds and large cap stock funds followed with 11.8% and 10.3% respectively.
- On average, participants kept 85% of their total 401(k) plan assets in the SDBA account[1].

(more)

About the *SDBA Indicators* Report

The *SDBA Indicators* report profiles the investment behavior of approximately 65,000 defined contribution 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 provides services to more than 6,000 retirement plans with more than 100,000 individual SDBA accounts and more than $7.5 billion in total assets as of December 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)

Information contained in this quarterly report is from fourth quarter 2003. The next report, first quarter 2004, will be available in May. Current and 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.). 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 $114 billion at the end of December 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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[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 2003.