

## *News Release*

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### **SCHWAB RETIREMENT TECHNOLOGIES<sup>®</sup> LAUNCHES APPLICATION SERVICE PROVIDER MODEL FOR THIRD-PARTY PLAN ADMINISTRATORS** Schwab's new ASP model attracts new TPAs

**SAN FRANCISCO, June 14, 2004** — Charles Schwab Corporate Services has launched an application service provider (ASP) delivery model for third-party retirement plan administrators. Developed by Schwab Retirement Technologies<sup>®</sup> (Schwab RT), the ASP model can help administrators offer advanced recordkeeping services while reducing their technology investments and ongoing expenses.

Schwab RT developed the ASP offering to meet the growing demand among retirement plan administrators for technology outsourcing alternatives. Administrators can now outsource both software and hardware solutions and support.

"We felt Schwab RT's ASP solution would allow us to focus more of our resources on our core business and enable us to concentrate our efforts on client service and sales," Joan E. McCabe, president of Actuarial Designs & Solutions, Inc. "Our move to the ASP model allowed us to continue providing recordkeeping services without any noticeable changes or disruption of service to our clients, and the scaleable nature of the ASP model positions us perfectly for future growth."

Watkins, Ross & Co., a premier regional consulting firm which services 70 retirement plans representing nearly a half billion dollars in assets, recently chose Schwab RT's ASP offering over other ASP offerings currently available in the market.

"Schwab mirrors the core values by which we run our business and has consistently demonstrated a high level of integrity," said Claudia Throop, Vice President, of Watkins, Ross & Co. "Schwab is a partner we count on to help us grow our business, and this new offering helps us to take our business to the next level in terms of providing the best customer service efficiently and cost-effectively."

"We have been very satisfied with the adoption of the new Schwab RT ASP model," said Daren Free, COO of Schwab RT. "In the last six months, Schwab RT has developed 14 new ASP clients, totaling more than 250,000 participants. The value proposition of our new ASP offering is clearly resonating in the marketplace."

Through the ASP model, Schwab RT configures, runs, maintains and upgrades the recordkeeping systems through Schwab's data center and clients administer plans locally. Plan administrators control their recordkeeping process through the Internet, with access to data and including technical support from dedicated Schwab RT specialists.

"Our ASP offering signifies a natural progression from software solutions and support to what is truly a full-service platform for plan administrators," said Jim McCool, senior vice president, Charles Schwab Corporate Services. "The ASP model makes it easier for many of our clients to concentrate on what they do best as plan administrators – serving their clients and growing their business."

With an ASP, plan administrators have the opportunity to more closely align their revenue and cost models. Companies like McLeod Administrative Services, Inc., one of Schwab's first clients to adopt the ASP model,

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benefit from the scalability of a variable cost structure. This means clients only pay for the capacity they need.

"The expense of all the hardware, security issues and staffing to host and maintain an Internet site on our own was just too prohibitive," said Michael McLeod, vice president. "Schwab's ASP makes all this possible while eliminating the associated headaches. I would recommend it to any one who is concerned about the cost and security liability of hosting their own site."

MK Consulting, Inc, which specializes in retirement benefits administration support, recently evaluated Schwab RT offerings. In a rating of more than four dozen unique feature functions on a 0-20 scale, the Schwab RT benefits administration system achieved a ranking of 18, one of the highest scores awarded. "Earning an overall ranking of 'Highly Competitive,' this new Schwab RT system satisfies the demands of today's market while aptly anticipating the needs of tomorrow," said Michael Looney, chief operating officer, MK Consulting. "It is a highly intuitive product, making it easy to install, easy to use and easy to change for the future. Major enhancements geared towards attracting, winning and keeping clients are what the new Schwab RT system is all about."

### **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 \$118 billion at the end of March 2004.

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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