

News Release

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SCHWAB AND GUIDEDCHOICE™ TAKE MORE THAN 100 PLANS “LIVE” WITH ADVICE SERVICES

Firms Bring Scale and Speed to Personalized Defined Contribution Plan Investment Advice

SAN FRANCISCO – August 19, 2004 — Charles Schwab & Co., Inc. and financial advice provider GuidedChoice announced today that they have reached a major milestone in their relationship by implementing advice for participants in more than 100 retirement plans.

Schwab and GuidedChoice announced a relationship last fall to provide customized advice to participants in plans serviced by Schwab Retirement Plan Services, Inc. (SRPS). Schwab makes this advice service available to participants in defined contribution plans¹ at no additional cost². Schwab's focus is to help plan participants reach a comfortable retirement. GuidedChoice's mission is to help retirement plan investors meet their financial goals by providing personalized, unbiased advice.

Large-scale implementation began in January, leveraging GuidedChoice's highly automated integration process to offer advice to Schwab participants in hundreds of plans. Plan implementations have been efficient, successful, and extremely rapid. By the end of July, more than 100 plans were up and running live with another 80 in the implementation process.

"As expected, demand for advice services among our clients is very high. GuidedChoice has helped us meet and exceed those expectations, which is one of the reasons we selected the firm. GuidedChoice has clearly demonstrated its ability to scale up rapidly and work with us to implement advice for a large number of plans in a short time," said Trish Cox, vice president, education and advice, Charles Schwab Corporate Services.

A Rule-Based Model Built for Retirement Plans

The key to sustaining this fast pace is a blend of Schwab's ability to work effectively with clients and GuidedChoice's patented business processes. "Because we understand both Schwab and the sponsors they serve, we've already built in process flows for retirement plan rules," said Sherrie Grabot, GuidedChoice president and CEO. "We used our knowledge from serving both plan providers and plan sponsors to anticipate what was needed. Our advice tool was well thought-out before it was built."

This rule-based approach is made possible by the GuidedChoice team's extensive experience with every aspect of retirement plans, from ERISA rules to participant communication. This experience also extends to the plan sponsor side. The participant advice and managed account processes can integrate seamlessly into existing HR systems, giving employees easy access to their assets and encouraging participation.

The GuidedChoice solution offers investors clear, usable financial analysis in a range of easy-to-use formats. Participants in plans for which Schwab provides services can access advice online, as well as by phone or in person. The advice includes specific recommendations for savings rates and allocations among the participants' core investment fund choices. Participants can also receive automatic account rebalancing.

An Urgent Need

A recent survey of human resource professionals found that while 49% of plan sponsors now offer some kind of advice to their 401(k) participants, those who provide no advice see an urgent need for it: 83% responded that the lack of advice has had an adverse affect on their employees' ability to retire comfortably³. "As millions of baby boomers approach retirement, planning has never been more important. Clearly, participants need help saving and investing for a secure retirement, and employers want to give it to them." said Cox.

Considering the limitations on plan providers' ability to offer advice, Schwab sought an objective third party as the preferred solution to a growing problem. "We took responsible steps to provide a benefit to our clients by working with GuidedChoice. Now our goal is to help people take advantage of it to plan for a successful retirement," Cox added.

About GuidedChoice

GuidedChoice is an independent service firm providing investment advice and managed account services to individual retirement plan participants. Its patented business process is based on its team's extensive, real-world experience with investors, retirement plans and investment managers. GuidedChoice delivers advice based on trusted industry standards of asset allocation, which are built into the software analytics and delivered through sophisticated automation. Its solutions offer one-click implementation to participants and simple, automated integration to plans and plan sponsors.

The GuidedChoice team includes leaders and innovators from the financial services, human resources, and technology fields. The team responsible for overseeing the development of the advisory software and investment solutions is led by Harry M. Markowitz, Ph.D., the Nobel laureate who developed Modern Portfolio Theory. Dr. Markowitz has over forty years of experience working with financial theory, developing optimization software, and managing assets, and is actively involved in the day-to-day refinement of the GuidedChoice analytical software. GuidedChoice has offices in San Jose and La Jolla, CA. Additional information is available at www.guidedchoice.com.

About Charles 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"). To learn more about these advice services, visit: http://scs.schwab.com/retirement_plan_services/dc_adv_advice_services.html (0804-10813)

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¹The GuidedChoice service is available to participants enrolled in plans that use the recordkeeping and related services of SRPS. Availability is subject to regulatory requirements. Plan sponsors must elect to make the 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.

² "At no additional cost" means that there is no cost for service outside the fees paid to Schwab Retirement Plan Services, Inc. and Charles Schwab & Co, Inc. for recordkeeping and related services, including trustee and custodial fees paid to The Charles Schwab Trust Company.

³Employer-Sponsored Investment Advice, July, 2004. Sponsored by the Society for Human Resource Management, WorldatWork, and the Employee Benefit Research Institute, the survey polled 801 compensation and benefit specialists and human resource professionals.
