

News Release

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SCHWAB SDBA USER ACTIVITY STEADY IN THIRD QUARTER

Investors with Account Balances Greater than \$250,000 Trading More

SAN FRANCISCO, November 15, 2004 – Charles Schwab Corporate Services' most recent *SDBA Indicators* report shows that investors saving for retirement through self-directed brokerage accounts (SDBAs) maintained their exposure to equities, mutual funds, money markets and fixed income in the third quarter.

For the quarter, mutual funds accounted for 48% of asset flows – up by nearly 5% from the second quarter – while equity asset flows were down nearly 7% to 32%. Additionally, average trades in the third quarter fell 1% to 2.42, compared to a decrease of 22% in the second quarter.

“Slightly lower overall trading levels for the quarter can be attributed to SDBA investors remaining relatively static in their exposure to the different asset classes,” said Mark Coffrini, Schwab Corporate Services vice president. “However, investors appear to be trending in a less conservative direction with increased investment in mutual funds and steady investment in money market funds.”

SDBA Indicators: Key Account Balance Differences from Q3 2004 Report

For Q3 2004, Schwab compared the investment and trading behavior among SDBA account holders based on account balances above and below \$250,000. SDBA account holders with balances greater than \$250,000 tend to be older, have a higher number of positions, and tend to trade more actively in their accounts than those with account balances less than \$250,000.

On average, account holders with an account balance greater than \$250,000 maintain about 11 more equity, mutual fund and fixed income positions than account holders with a balance less than \$250,000. Account holders with higher balances on average make 4.98 trades per quarter, compared to 2.2 trades for account holders with balances less than \$250,000. Activity in the higher balance group was driven by equity trading compared to the lower balance group which was characterized more by mutual fund trading.

Account Characteristics	SDBA Account Profile – All Participants	Account holders with a balance less than \$250,000	Account holders with a balance greater than \$250,000
Average Age	46	44	54
Average Balance	\$95,146	\$52,147	\$565,742
Average Positions	6.78	5.85	16.85
Percent in Equities	29%	27%	30%

Percent in Mutual Funds	47%	46%	47%
Percent in Cash & Equivalents	21%	26%	17%
Percent in Fixed-Income	3%	1%	6%
Average Trades per Quarter	2.42	2.2	4.98

(more)

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. SDBAs provide a wealth of investment choices for participants who seek more flexibility, increased diversification and a greater role in managing their retirement savings. 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.

About the *SDBA Indicators* Report

The *SDBA Indicators* report profiles the investment behavior of approximately 65,000 plan participants investing through Schwab's self-directed brokerage account for employer-sponsored retirement plans, 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 country¹, Schwab supports more than 6,000 retirement plans with more than 110,000 individual SDBA accounts and more than \$8.6 billion in total retirement assets as of September 2004.

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, Inc.'s 401(k) defined contribution plan offering, SchwabPlan®
- Component of Schwab trust and custody services offered to third party administrators (TPAs)

Data contained in this quarterly report is from the third quarter of 2004. Prior reports are available at http://scs.schwab.com/retirement_plan_services/sdba_indicators.html.

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

¹ McHenry Consulting Group as reported in PLANSPONSOR magazine, October 2003.

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 \$122 billion at the end of September 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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