

# News Release

## Contact:

Mike Peterson  
Charles Schwab  
Phone: 330-908-4334  
mike.peterson@schwab.com

Michael Cianfrocca  
Charles Schwab  
Phone: 415-667-3252  
michael.cianfrocca@schwab.com

## **SCHWAB MANAGED RETIREMENT TRUST FUNDS™ SURPASS \$1 BILLION IN ASSETS**

Three Years After Launch, Strong Performance and Open-architecture Model Drive Continued Growth

**SAN FRANCISCO, March 16, 2006** — Charles Schwab announced today that assets in its Schwab Managed Retirement Trust Funds™ have exceeded \$1 billion in just over three years since their introduction. The funds, designed exclusively for retirement plan participants, have grown on the strength of consistent investment performance, a unique, independent sub-advised structure and their ready-made asset allocation. Four of the funds are target-date funds designed for plan participants who want to retire in 2010, 2020, 2030 or 2040, with a fifth fund designed to provide income during retirement.

The five funds, which are managed by The Charles Schwab Trust Company (CSTC), are age-based collective trust funds. During the past year, more than 70 percent of new Schwab bundled retirement plan clients have included the funds in their plans. The four target-date retirement funds surpassed industry benchmarks for the one- and three-year periods, and have earned overall Morningstar Ratings of four or five stars for the three-year period ending January 31, 2006. The retirement income fund, launched late in 2004, also surpassed its one-year benchmark.

“Our Schwab Managed Retirement Trust Funds have doubled in assets every year since introduction in 2002, which is a testament to their strong performance and appeal both to plan sponsors and to plan participants,” said Jim McCool, senior vice president of Schwab Corporate & Retirement Services. “We continue to be at the leading edge of the 401(k) industry by offering plan sponsors strategic investment choices for their plans. It is important to understand, though, that target-date funds are much more than the latest fad – they are fundamentally important to the overall architecture of successful defined contribution plans.”

CSTC has engaged prominent institutional investment firms as sub-advisors to assist CSTC in its daily management of the underlying funds in each of the portfolios. Each sub-advisor was selected based on its investment strategy and proven success. Sub-advisors include The Boston Company, Capital Research & Management, Dodge & Cox, Goldman Sachs, INVESCO, Pictet, PIMCO, Turner Investment Partners and Vanguard. This open-architecture approach enables CSTC to manage the funds with advice from industry-leading money managers in *each* asset class, unlike most other target retirement funds that are confined to single, proprietary managers for entire portfolios. In addition, these funds generally provide lower operating expenses than similar actively managed mutual funds, a key benefit for investors.

“Our funds enable plan participants to benefit from the investment expertise of Schwab and the independent sub-advisors, instead of tying them down to a proprietary money manager or mutual fund family,” said John Sturiale, field vice president, retirement investment services at Schwab. “The Schwab Managed Retirement Trust Funds offer a simple, one-step solution for plan participants seeking diversified portfolios that are professionally managed on a fund level. We put these funds together by carefully considering how plan participants would construct and maintain such portfolios if they had the expertise and time to do so on their own.”

(more)

In December 2005, Schwab expanded the availability of the Schwab Managed Retirement Trust Funds through the National Securities Clearing Corporation (NSCC) in response to growing industry demand. All retirement plan providers trading through NSCC may now offer the funds to their eligible clients. In the past, only those retirement plans who were using Schwab's recordkeeping or trust platforms could offer these funds.

The investment allocations in the four target-date funds become more conservative over time, with the goal of balancing risk and return. The fifth fund is designed to provide income for participants nearing or in retirement and has a fixed allocation of 75% bonds, stable value and cash, and 25% stocks.

For more information about the funds, visit [cstcfunds.com](http://cstcfunds.com).

### Performance as of 1/31/06

**Actual Return: YTD; Average Annual Return: 1 Year, 3 Year, Since inception**

<b>Schwab Managed Retirement Trust Funds<sup>1</sup></b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>Since Inception</b>	<b>Overall Morningstar Rating<sup>TM 3</sup></b>
<b>Schwab 2010</b>	<b>2.05%</b>	<b>8.41%</b>	<b>11.98%</b>	<b>10.87%</b> (10/01/02)	<b>*****</b>
Benchmark Return <sup>2</sup>	1.54%	7.04%	11.00%	n/a	n/a
Conservative Allocation Category Average	1.50%	5.38%	7.59%	n/a	n/a
<b>Schwab 2020</b>	<b>3.19%</b>	<b>12.00%</b>	<b>16.14%</b>	<b>13.88%</b> (10/01/02)	<b>****</b>
Benchmark Return <sup>2</sup>	2.54%	10.33%	14.83%	n/a	n/a
Moderate Allocation Category Average	2.65%	9.70%	12.73%	n/a	n/a
<b>Schwab 2030</b>	<b>3.93%</b>	<b>14.31%</b>	<b>18.77%</b>	<b>16.28%</b> (10/01/02)	<b>****</b>
Benchmark Return <sup>2</sup>	3.17%	12.39%	17.25%	n/a	n/a
Large Blend Category Average	3.25%	11.64%	16.16%	n/a	n/a
<b>Schwab 2040</b>	<b>4.43%</b>	<b>15.81%</b>	<b>20.38%</b>	<b>17.23%</b> (10/18/02)	<b>*****</b>
Benchmark Return <sup>2</sup>	3.56%	13.69%	18.77%	n/a	n/a
Large Blend Category Average	3.25%	11.64%	16.16%	n/a	n/a
<b>Income</b>	<b>1.20%</b>	<b>5.84%</b>	n/a	<b>5.23%</b> (12/18/04)	n/a
Benchmark Return <sup>2</sup>	.99%	4.94%	n/a	n/a	n/a
Conservative Allocation Category Average	1.50%	5.38%	n/a	n/a	n/a

**Performance quoted is past performance, is no guarantee of future results, and assumes that dividends and distributions are reinvested.** Current performance may be lower or higher.

<sup>1</sup> The Schwab Managed Retirement Trust Funds are collective trust funds maintained and distributed by The Charles Schwab Trust Company (CSTC). CSTC acts as trustee and manager. Interests in the Funds are sold through CSTC and Charles Schwab & Co., Inc., a registered broker-dealer, and are also made available through the NSCC. The Funds are not mutual funds, and their units are not registered under the Securities Act of 1933, as amended, or applicable securities laws of any state or other jurisdiction. The Funds are not registered under the Investment Company Act of 1940, as amended, or other applicable law, and unit holders are not entitled to the protections of the 1940 Act. The Funds are not insured by CSTC, any of its affiliates, the FDIC or any other person. As defined in the Funds' Declaration of Trust and Participation Agreement, the Funds are available for investment through CSTC by eligible qualified retirement plan trusts only. The unit value of the Funds will fluctuate, and investors may lose money.

(more)

Various asset classes of the underlying funds, such as small-cap and international, may carry additional risks.

<sup>2</sup> The benchmark model developed by Schwab reflects the performance of identically weighted composites to those of the Funds and is comprised of the following unmanaged indices: Russell 3000 Index, MSCI EAFE Ndrtr\_D Index, Lehman Bros. Aggregate Bond Index and Salomon Bros. 3-Month T-Bills. The benchmark model assumes monthly rebalancing and includes the reinvestment of income. Indices do not incur management fees, costs and expenses and cannot be invested in directly.

<sup>3</sup> Morningstar proprietary ratings reflect historical risk-adjusted performance as of 1/31/2006. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The top 10% of the funds in an investment category receive 5 stars, 22.5% receive 4 stars, 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating is a weighted average of the funds' three-, five-, and 10-year (if applicable) Morningstar rating metrics. The total number of Large Blend, Moderate Allocation, and Conservative Allocation funds for the three-year time period were 1237, 704, and 257, respectively.

### **About Charles Schwab**

The Charles Schwab Corporation (NASDAQ: SCHW) is a leading provider of financial services, with more than 325 offices, 7.2 million client accounts, and \$1.3 trillion in client assets. Through its operating subsidiaries, the Company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC), offers a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through its Schwab Institutional division. The Charles Schwab Bank, N.A. (member FDIC) provides banking and mortgage services and products. The Company's other operating subsidiaries include U.S. Trust Corporation (member FDIC) and CyberTrader<sup>®</sup>, Inc. (member SIPC). More information is available at [www.aboutschwab.com](http://www.aboutschwab.com). (0306-5494)

###