

News Release

Contact

MEDIA:

Lindsay Tiles
Charles Schwab
Phone: 415-667-3997

INVESTORS/ANALYSTS:

Rich Fowler
Charles Schwab
Phone: 415-636-9869

SCHWAB ANNOUNCES ACQUISITION OF THE 401(K) COMPANY

SAN FRANCISCO, December 22, 2006—The Charles Schwab Corporation (Nasdaq: SCHW) today announced an agreement to acquire The 401(k) Company from Nationwide Financial Services, Inc. (NYSE: NFS) for \$115 million in cash. The deal is expected to close by the end of the first quarter in 2007, subject to customary closing conditions. The 401(k) Company will join the Investor Services Enterprise which includes Schwab's Corporate & Retirement Services division.

"Many Americans are depending on their 401(k) accounts to help them achieve a comfortable retirement— it's one of the pillars of our retirement security system," said Charles R. Schwab, Schwab Chairman and CEO. "The 401(k) Company has dedicated itself to providing retirement plan sponsors and employees with absolute quality and low-cost products and services, driven by a strong sense of entrepreneurial spirit and integrity. Like Schwab, it has recognized the importance of open investment architecture, fee transparency and client focus. I feel certain that the combination of our two companies will allow us to have an even greater impact on the 401(k) industry and the savings habits of retirement plan participants."

The 401(k) Company complements Schwab's retirement business strategy and increases Schwab's ability to meet the needs of retirement plans of all sizes. While Schwab has enjoyed strong growth in the small, mid and large retirement plan segments, The 401(k) Company has been very successful winning against traditional providers in the mega plan segment. During the past two years, The 401(k) Company's newly acquired plans have averaged more than \$500 million in assets and more than 8,000 participants.

"We are proud and excited to be joining such a great company. Our clients are becoming increasingly involved in helping their employees plan for and achieve their retirement goals," said Jerry Bramlett, president and CEO of The 401(k) Company. "Schwab's strong national corporate retirement and consumer brand adds tremendous strength to our message and our ability to help with those goals, and I'm pleased our two companies share the same commitment to serving clients and bettering the 401(k) industry."

"Joining forces with The 401(k) Company expands our ability to serve the marketplace," said James McCool, executive vice president of Schwab's Corporate & Retirement Services division. "We have been consistently investing in and growing our retirement plan business at Schwab, primarily serving clients in the small, mid and large segments. In addition to this ongoing investment, we are now, for the first time, making a significant investment in serving employers and their employees in the mega plan segment. We look forward to the opportunity to strengthen our role as client advocates in the industry."

Based in Austin, Texas and founded in 1983, The 401(k) Company offers defined contribution plan administration to more than 100 companies, serving 400,000 retirement plan participants around the country. The company's client assets total \$21.7 billion.

About Charles Schwab

The Charles Schwab Corporation (Nasdaq: SCHW) is a leading provider of financial services, with more than 300 offices and 6.7 million client brokerage accounts, 541,000 corporate retirement plan

participants, 146,000 banking accounts, and \$1.2 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, <http://www.sipc.org>), and affiliates offer 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. CyberTrader®, Inc. (member SIPC, <http://www.sipc.org>) is an electronic trading technology and brokerage firm providing services to highly active, online traders. More information is available at www.schwab.com.

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